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General

West Criticized Concerning Toxic Waste

HK1503072389 Beijing RENMIN RIBAO in Chinese
10 Mar 89 p 3

["International Jottings" by Wen Zheng (2429 2398):
"The Business of a 'Merchant of Death'"]

[Text] According to reports, merchants in some Western countries have tried by various means and channels to transport large amounts of toxic waste to Africa to be stored or disposed of there. A magazine published in Paris regarded 1988 as Africa's "year of toxic waste." This is not alarmist talk. Some people are indeed "far-sighted." It is said that Namibia, which will soon start its independence process, will be the next target. Perhaps the boundless expanse of sand can easily conceal secret, dirty deals. To date, people still do not know how much toxic waste has been transported to Africa because the deals have always been made in secret. Nevertheless, everyone knows that toxic waste will be followed by pollution and death. In the words of Africans these people are worthy of the title "merchants of death."

The "merchants of death" have taken advantage of financial difficulties and weak points in some African countries to achieve their treacherous purpose. However, the high-sounding agreements and the seemingly legal trade terms cannot cover the atrocities committed under the pretext of civilization because they encroach upon the right to exist which constitutes the basic rights of the African people.

Some of the "merchants of death" are actually Western companies while others are brokers employed by these companies. As human rights has become a popular topic today, how can the "defenders of human rights" prove their loyalty to "human rights" in the face of the "merchants of death," who are the Shylocks of Shakespeare?

Fortunately the African countries have realized the seriousness of the "toxic waste" and have struggled to protect the environment in which they depend for existence.

UN To Provide Aid to Poor Counties

HK1503014089 Beijing CHINA DAILY in English
15 Mar 89 p 3

[By staff reporter Zhu Baoxia]

[Text] A grant of \$20 million from the United Nations Children's Fund (UNICEF) and the United Nations Fund for Population Activities will be given to 300 Chinese counties in poor, remote areas during 1990-1994 to help develop local maternal and child health projects.

The aid is designed to reduce the infant and material mortality rate in the poor counties and improve health services there for both women and children.

The 300 poor counties were selected from 27 of the country's provinces and autonomous regions, with most in the southeastern, northeastern and minority districts.

The Ministry of Public Health announced the grant at a conference in Beijing yesterday.

Representatives of the two funds and the World Health Organization (WHO), as well as provincial authorities and health officials from the country's 30 provinces, central-administered municipalities and autonomous regions, attended the conference to discuss the programme.

The improvement of maternal and child health would improve the quality of the population, thus helping the implementation of the State's family planning policy, said Cao Zeyi, Vice-minister of Public Health.

In some poor, remote areas, the death rate for both pregnant women and infants is still very high because of backward economic conditions. The quantity and quality of medical equipment and medical personnel is also far below state standards.

Statistics show that the annual mortality rate of children under five years old is about five per 1,000. And every year, more than 10,000 women die during pregnancy or delivery.

In some extremely poor rural districts, such as the Tibet Autonomous Region, the infant mortality rate may reach as high as 100 in every 1,000.

The ministry has signed contracts with the 300 counties, saying they must work hard to lower their infant mortality rate by about 30 percent within the next five years and reduce the number of maternal deaths.

By 1994, all villages in those counties will be required to have at least one obstetrician who may offer routine examinations and simple medical treatment to pregnant women and newborn babies.

The ministry also plans to spend part of the grant money on scientific research into preventive measures for infant diseases to help improve children's health.

The ministry's Maternal and Child Health Department has received more than \$18 million in aid from the two foundations since they started the programme in 1979.

And great achievements have been made in the country's maternal and child health work.

United States & Canada

Bush Administration Attitude to SDI Examined *HK1503051589 Beijing RENMIN RIBAO in Chinese* 12 Mar 89 p 3

["International Outlook" column by Li Wenyun (2621 2429 0061): "The Fate of the Strategic Defense Initiative"]

[Text] When Bush assumed office, the U.S. press began to comment on the fate of the Strategic Defense Initiative (SDI). Former U.S. President Reagan revered the SDI as a priceless treasure but some newspapers described it as the "emperor's new clothes" and said that "when the emperor stepped down people would finally begin to tell the truth." As revealed by the U.S. press, the Bush administration is considering revising SDI with the focus shifting toward development of a small-scale, limited-target missile defense system known as the "Accidental Launch Protection System" (ALPS). In other words, the system can shoot down nuclear missiles that "are mistakenly launched toward the United States."

The Reagan administration spent an enormous amount of human and financial resources on SDI since it was formally proposed in March 1983. The research expenditure alone amounted to \$16 billion. It became the focus of argument during the U.S.-Soviet nuclear disarmament talks. During their negotiations on intermediate-range missiles both sides bargained for a long time over SDI but in the end the Soviet Union made a concession and agreed to hold separate talks on intermediate-range missiles instead of linking them to SDI. In the meantime the United States also promised that it would not withdraw from the Anti-Ballistic Missile Treaty for the next 15 years and to restrict SDI to laboratory research. Hence the signing of the agreement on intermediate-range missiles.

The Reagan administration strove hard to persist with SDI but as soon as Bush assumed office public opinion began to propose a major revision. This really is food for thought.

The international situation has greatly changed from 6 years ago when SDI was proposed. Since the signing of the U.S.-Soviet INF Treaty and the relaxation in East-West relations, the United States and the Soviet Union have paid more attention to comprehensive national strength in the course of maintaining the balance of strategic forces, and regional conflicts are developing toward political solutions. In this international environment it is inappropriate for the United States to pressure the Soviet Union by means of SDI, forcing it into a high-level arms race. Nor will the United States achieve any results if it tries so to do.

Apart from this the Bush administration faces domestic economic problems. Huge financial and foreign trade deficits and debts are the problems Bush should solve first. The balanced budget bill passed by the Congress

also urges the President to eliminate deficits by 1991. Military spending comes first in the three major U.S. financial expenditures. In cutting U.S. financial expenditure, military spending is the first to suffer. Under such circumstances it is imperative for the Bush administration to make certain adjustments to SDI so that the arrangements and experiments for some of the projects are reduced or postponed.

Moreover, although some progress has been made in SDI, many technological problems still remain unsolved and cannot be solved within a short period. The Technology Assessment Office of the U.S. Congress pointed out that detailed computer commands for destroying thousands of nuclear missiles inbound toward the United States probably cannot be worked out "within a predicted future." Furthermore, putting a huge amount of equipment into orbit at different levels in space will require thousands of space shuttle flights. This is easier said than done.

In view of this reality, some members of the new U.S. Government considered focusing their attention on building a small-scale and feasible "ALPS," which will turn the protection scope from "overall" into "limited," and the defense method from space-based directional interception into land-based interception. This is completely possible.

However, it is also impractical to think that the Bush administration will completely abandon SDI because whether SDI is implemented involves the fundamental interests of U.S. defense, the military industry, and many financial groups and enterprises. The United States is also trying to use SDI to push forward its scientific and technological development and improve comprehensive U.S. national strength. It is therefore possible that the United States will still apply the effective parts of SDI. The shift from SDI to ALPS suggests the following defense adjustment trend in the Bush administration: It will continue to maintain its deterrent force but the methods are more practical, more flexible, and more concerned about results.

Rong Yiren Meets Chamber of Commerce Group *OW1503002089 Beijing XINHUA in English* 1315 GMT 14 Mar 89

[Text] Beijing, March 14 (XINHUA)—Rong Yiren, chairman of the All-China Federation of Industry and Commerce, met a delegation from the Chamber of Commerce of the United States here this morning.

At the meeting Richard Leshner, president of the U.S. Chamber of Commerce, and Rong expressed satisfaction over the existing good relations between the two organizations and hoped for their further development.

The guests will also visit Shanghai, Xi'an and Hangzhou.

Soviet Union

Li Peng Report Views Emerging Soviet Relations *HK1503111789 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1022 GMT 15 Mar 89*

[Report by "Special Correspondent" He Fang (0149 2455): "Li Peng Says Sino-Soviet Relations Will Not Revert to the Aligned State of the Fifties"—ZHONGGUO TONGXUN SHE headline]

[Text] Beijing, 15 Mar (ZHONGGUO TONGXUN SHE)—Premier of the State Council of China Li Peng will announce in his "Government Work Report" that after the normalization of the Sino-Soviet state-to-state relations, the two sides will develop good-neighborly and friendly relations on the basis of the five principles of peaceful coexistence and that these relations will not revert to the aligned state of the fifties. He also suggests that the Soviet Union still has to contribute efforts to making Vietnam withdraw its troops from Cambodia.

This reporter has learned from the relevant departments that at the forthcoming Second Session of the Seventh National People's Congress, Premier Li Peng will present a government work report entitled "Resolutely Implement the Principles of Improvement and Rectification and Deepening the Reform." The section under the subhead "The Current International Situation and the Country's Diplomatic Work" deals with the issue of the normalization of Sino-Soviet relations, which is a matter of concern for people in the world.

According to a Zhongnanhai official, the part of Premier Li Peng's "Government Report" which deals with Sino-Soviet relations will mainly discuss normalization, which is a major matter of concern for people. Over the past few years, substantive progress has been made in the talks and consultations between the two sides on the elimination of the three major obstacles and the normalization of relations. A high-level Sino-Soviet meeting will soon be held [zhong su gao ji hui wu ji jiang ju xing 0022 5685 7559 4787 2585 0613 1412 5282 5887]. It is the duty of the Soviet Union to continue to contribute positive efforts to making Vietnam withdraw its troops from Cambodia. After the normalization of Sino-Soviet state-to-state relations, the two sides will develop good-neighborly and friendly relations on the basis of the five principles of peaceful coexistence, but will not revert to the aligned state of the fifties. This is in keeping with the fundamental interests of the peoples of China and the Soviet Union and beneficial to peace and stability in Asia and the world, but will not have a damaging effect on the interests of any other countries.

Sino-Soviet Border Trade Expands 'Rapidly' *HK1503121389 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1440 GMT 13 Mar 89*

[Report: "Volume of Border Trade Between China and the Soviet Union Totaled 800 Million Swiss Francs Last Year"—ZHONGGUO TONGXUN SHE headline]

[Text] Beijing, 13 Mar (ZHONGGUO TONGXUN SHE)—With the improvement of relations between

China and the Soviet Union, border trade expanded rapidly last year with turnover running at 860 million Swiss francs.

Border cities along the Heilong Jiang make use of trains and boats to engage in barter trade with the Soviet Union. Heihe and Suifenhe cities, aside from these two modes of transport, also make use of routes on ice to ship their goods by automobile; Heihe City sent goods vehicles on 2,300 trips.

The turnover of trade between Heihe City of Heilongjiang and the Soviet Union registered 150 million Swiss francs last year; that between Suifenhe City, 130 million Swiss francs; and that between Inner Mongolia Autonomous Region, 114 million Swiss francs.

The goods that the Chinese side sells to the Soviet Union mainly consist of textiles and other light industrial goods and the goods China buys are mainly composed of steel, automobiles, wood, and chemical fertilizer.

Sino-Soviet Trade 'Warming up' Along Border *OW1503015989 Beijing XINHUA in English 1654 GMT 14 Mar 89*

[Text] Beijing, March 14 (XINHUA)—Trade along the Sino-Soviet border is warming up.

Statistics show that in 1988 alone China and the Soviet Union signed cross-trade contracts totalling 860 million Swiss francs.

Of that amount, Heilongjiang Province accounted for the lion's share with 550 million Swiss francs, while the Inner Mongolia Autonomous Region made up 130 million and the Xinjiang Uygur Autonomous Region 180 million.

The 6,700-kilometer border has been turned to advantage by both countries in the promotion of border trade and economic cooperation.

To date, 14 trading posts have been opened to the Soviet Union.

Cross-border trade is most active in northeast China's Heilongjiang Province, which is linked with the Soviet Union by the Heilongjiang River. The province now has ten Soviet-oriented trading outlets and more than 160 foreign trade businesses.

Suifenhe, Heihe and Tongjiang have become the busiest places for cross-border trade, economic and technological cooperation and labor export and tourism.

The port of Suifenhe City, for example, has established trade links with more than 50 businesses in the Soviet Far East. In 1988, Suifenhe City contracted border trade totalling 120 million Swiss francs and signed 15 projects for economic and technological cooperation.

Most of the trade is in barter form. China imports from the Soviet Union mainly rolled steel, timber, fertilizer and cement, while the Soviet Union imports from China light industrial goods, food, electronics and machinery.

Heilongjiang Province plans to open seven more ports for cross-border trade.

Northeast Asia

Zhao Meets DPRK's Ho Tam, Discusses Slowdown
OW1403165389 Beijing XINHUA in English
1620 GMT 14 Mar 89

[Text] Beijing, March 14 (XINHUA)—China plans to slow down the speed of its development in the coming two years or so in order to further readjust its economic structure and to take general measures to invigorate the economy, said Zhao Ziyang today.

Zhao, general secretary of the Chinese Communist Party Central Committee, made the statement at a meeting with Ho Tam, a member of the Political Bureau of the Korean Workers' Party Central Committee.

He said that the past ten years have seen great advances in China's reforms. However, at present China needs to slow down a bit in order to consolidate the progress already achieved.

He said the general situation has become good after the decision of the Third Plenary Session of the 13th Central Committee of the Communist Party to rectify the economic environment and improve economic order.

The speed of development has been reduced, he said, and commodity prices tend to stabilize.

In the coming two years two major tasks should be undertaken in order to hasten adjustment of the economy. They are: First, to further readjust the economic set-up; second, to set up a series of management methods that will effectively invigorate the economy, avoiding the haphazard use of controls and relaxations that has repeatedly occurred in the past.

"In doing this," Zhao said, "we can not only retain the great achievements of the ten-year reform, but also pave the way for future development. It is worth the price we are paying."

During the meeting, Ho Tam briefed Zhao on the achievements of the Democratic People's Republic of Korea (DPRK) in its construction as well as its relations with South Korea.

Zhao said that China supports the struggle of the Korean people for national independence, peace and unity, as well as the unity program and reasonable attitudes proposed by the Korean Workers' Party and President Kim Il-song.

Trade Delegation Begins Visit to Japan
HK1503012889 Beijing CHINA DAILY in English
15 Mar 89 p 2

[By staff reporter Yuan Zhou]

[Text] A high-level Chinese trade delegation starts a week-long visit to Japan today in a bid to seek ways of reducing China's trade deficit and speeding up the flow of Japanese investment and technology transfer to China.

The 26-member delegation, headed by Shen Jueren of the Ministry of Foreign Economic Relations and Trade (MOFERT), comprises officials from the State Council, State Planning Commission, MOFERT, China Council for the Promotion of International Trade, general managers of 11 major national import and export corporations and top foreign trade officials from Shanghai, Tianjin and the provinces of Liaoning and Shandong.

A delegation spokesman told CHINA DAILY the delegation would convey Chinese concern over the continuing Sino-Japanese trade imbalance to Japanese Government leaders and economic organizations.

Statistics compiled in China reveal that Sino-Japanese trade amounted to \$18.98 billion last year, a 15.2 per cent increase on the previous year. But China still had a trade deficit of \$3.13 billion.

"We are going to tell the Japanese that if we relax our efforts for better trade relations, a huge Chinese trade deficit may appear again because the trade imbalance is continuing and there is no solid foundation for bilateral trade," the spokesman said.

Lower Tariffs

Although the bilateral trade deficit has been reduced to some degree in recent years, Chinese foreign trade officials still have memories of 1985 when the Chinese trade deficit with Japan hit \$5.8 billion.

The Chinese delegation would urge Japan to further relax import controls, lower tariffs and increase quotas for Chinese export goods, the spokesman said.

China was planning to export more manufactured goods and make them more competitive on the Japanese market, he added.

He said members of the delegation would discuss with their Japanese counterparts the Chinese export of litchis, straw products and frozen beef.

China also hoped the Japanese would help Chinese products enter the Japanese market through expansion in direct investment and technology transfers to China, he said.

But, the spokesman pointed out, Japanese investment and technology transfer to China had so far progressed slowly.

Japanese business people invested in 237 projects in China last year. Their pledged investment of \$276 million was 8.3 percent down on the figure for 1987.

The delegation would try to persuade more Japanese firms to invest in China, he said, in a bid to bring the total Japanese investment in China up to more than \$300 million this year.

Joint Venture With Japan 'Most Successful'

OW1403200889 Beijing XINHUA in English
0926 GMT 11 Mar 89

[Text] Shanghai, March 11 (XINHUA)—According to Chinese sources, Shanghai's Mitsubishi Elevator Co Ltd, a China-Japan joint venture established two years ago, has become the Japanese company's "most successful overseas joint venture."

The company is the largest industrial joint venture Japan has established on China's mainland in terms of capital and technology. Its registered capital was 9.5 million U.S. dollars when put into operation in 1987 and the company's assets now exceed 12 million U.S. dollars.

In 1988, the company produced 1,085 elevators and escalators, earning unexpectedly high profits of 100 million yuan (one yuan equals approximately 27 cents U.S.).

The vice president of the Japanese Mitsubishi Electric Motor Co said that of the 60 joint ventures the company has around the world, the Shanghai company is the one that has shown the most profits in its primary stage.

To achieve the success, the Shanghai company has made full use of existing facilities to produce spare parts and saved nearly three million U.S. dollars in the past two years.

Inspired by the achievements, both partners have decided not to share profits for three years and use 50 percent of the profits in the following three years to expand production and develop new products.

This year the company will produce 1,300 elevators with an output value of 130 million yuan. Production will exceed 2,000 elevators in five years.

Fan Bingxun, general manager of the Shanghai Mitsubishi Company, admitted that the country's present austerity policy will make it a bit difficult for the company to sell its elevators. But he said the company plans to develop cheaper products and expand markets by strengthening after-sale services.

Southeast Asia & Pacific

Thai Prime Minister Chunhawan Visits China

Departure From Bangkok

OW1403123089 Beijing XINHUA in English
1110 GMT 14 Mar 89

[Text] Bangkok, March 14 (XINHUA)—Thai Prime Minister Chatchai Chunhawan and his 216-member party left here this afternoon for a four-day official visit to China.

The 23 official members include Foreign Minister Sitthi Sawetsila. Also included in his party were a lot of Thai businessmen.

Chatchai told reporters at Bangkok International Airport upon his departure that he will meet Chinese leaders, including Deng Xiaoping, Zhao Ziyang and Li Peng, during his visit.

A Thai Government House spokesman said earlier that the discussions between Chatchai and the Chinese leaders would focus on bilateral relations in the fields of economy, trade, joint venture, tourism and culture.

The Kampuchean problem would be an important topic in their discussions during the visit, the spokesman stressed.

Chatchai said that he is expected to meet Samdech Norodom Sihanouk, president of Democratic Kampuchea, in Beijing.

He disclosed that Sihanouk would visit Thailand from April 25 to 28.

This is Chatchai's first trip to China after becoming Thai prime minister in August last year.

Chatchai and his party were seen off at the airport by Thai Deputy Prime Minister Phong Sarasin and other senior officials and officers. Mr. Wang Haisan, charge d'affaires ad interim of the Chinese Embassy in Thailand and foreign diplomatic envoys were also present at the airport.

Arrival in Beijing

OW1403162889 Beijing XINHUA in English
1539 GMT 14 Mar 89

[Text] Beijing, March 14 (XINHUA)—Thai Prime Minister General Chatchai Chunhawan and his wife arrived here tonight for a four-day official visit at the invitation of Chinese Premier Li Peng.

This is Chatchai's first visit to China since taking up the premiership. His entourage includes Foreign Minister Sitthi Sawetsila.

It is learned that the two prime ministers will exchange views on further enhancing Sino-Thai friendship and cooperation in various areas and discuss the Kampuchean question.

Li Peng is scheduled to preside over a welcoming ceremony tomorrow for his guests.

Chen Minzhang, chairman of the Chinese Government reception committee and minister of public health, and Vice Foreign Minister Liu Shuqing greeted Chatchai and his entourage at the airport.

Welcomed by Li Peng

BK1503090989 Bangkok Domestic Service in Thai
0530 GMT 15 Mar 89

[Text] Today, PRC time, the Chinese Government organized a ceremony at Tiananmen Square and the Great Hall of the People to welcome the visit of Prime Minister General Chatchai Chunhawan. Chinese Premier Li Peng welcomed the prime minister and his wife and introduced them to senior Chinese officials. He led the prime minister to a platform to inspect the honor guard and their parade. At 0950 at the reception room of the Great Hall of the People, the prime ministers of the two countries held official consultations with the participation of their foreign ministers for about 1 hour.

An expanded meeting of their delegations—about 13 members each—followed at about 1110, chaired by the two prime ministers. On this occasion, the Chinese premier said on behalf of the Chinese Government that he was pleased to welcome the prime minister and his delegation, which consists of old and new friends. The Chinese side waited for a long time to receive the Thai prime minister and expected that the visit will contribute to the strengthening of future relations between the two countries and that cooperative relations will be further promoted. The Chinese premier said he visited Thailand last year and he still remembers the great welcome he received there, and for this reason he was pleased to have the opportunity to return the welcome.

Gen Chatchai said on behalf of the Thai Government he thanked the Chinese side for the excellent welcome accorded him and his delegation, and on behalf of the Thai Government and the Thai people he thanked the Chinese side for receiving him in both capacities as Thai prime minister and president of the Thai-Chinese Friendship Association. Gen Chatchai said his first visit to China in 1973 was during the period when the two countries prepared to establish relations. At that time we had to fight against obstructions by people who did not want good relations between our two countries, but we overcame these obstructions in 1975. Since then, relations between the two governments and people have been continually strengthened.

Meanwhile, M.R. Kasemsamson Kasemsi, Foreign Ministry permanent secretary, told newsmen that the current visit to China of the prime minister is very important. This is because, first, the prime minister will meet with senior Chinese officials, including Premier Li Peng, which will further strengthen the close bilateral relations and enhance the greater understanding of both sides. The prime minister will also meet with Deng Xiaoping and Zhao Ziyang, the CPC general secretary. These three Chinese officials are individuals of great importance. Second, there will be a historic game of golf between the prime minister of a free world country like Thailand and the general secretary of a socialist country. And lastly, leading Thai businessmen will have the opportunity to make observations for greater economic, trade, investment, and export benefits, which will generate mutual benefit for the two countries.

Cambodia Discussed

OW1503123189 Beijing XINHUA in English
1125 GMT 15 Mar 89

[Text] Beijing, March 15 (XINHUA)—Chinese Premier Li Peng said here today that the key to the Kampuchea problem lies in a genuine and complete withdrawal of Vietnamese troops from Kampuchea before the end of September and the establishment of a provisional four-party coalition government headed by Prince Norodom Sihanouk.

Li made the remarks at talks he held with Thai prime minister, General Chatchai Chunhawan, here this morning at the Great Hall of the People. The two prime ministers exchanged views on the Kampuchea problem, other international issues and bilateral relations.

Chatchai Chunhawan stressed that Thailand has not changed its position of continuing to support Sihanouk and the three parties of the Kampuchean national resistance.

He said his country does not recognize the Heng Samrin-Hun Sen regime, as claimed by Vietnam.

The Chinese prime minister said China's domestic policy serves national construction and its foreign policy serves peace. China supports the three parties of the Kampuchean national resistance in their fight against Vietnamese aggression.

He pointed out that China hopes that Kampuchea will become a peaceful, independent, neutral and nonaligned country, and that the Chinese Government is willing to continue its efforts to that end. China also calls on the international community to work for the promotion of a political solution to the Kampuchea problem, he said.

Li held that the present worldwide trend of detente is beneficial to a solution of the Kampuchea problem.

He noted that China and Thailand are cooperating well in this respect and said he hoped the cooperation would continue.

Chatchai Chunhawan said the major stand of Thailand on the Kampuchea issue is to let peace return to that country. "That is also the common desire of Thailand and China," he noted.

He said Thailand and China have exerted their utmost efforts for peace and justice in Kampuchea.

He stressed that his country would continue to work for the promotion of peace in Kampuchea.

Both sides expressed satisfaction over the smooth development of bilateral relations and said they hoped to make continued efforts to enhance and promote such friendly relations of cooperation. The two leaders had an in-depth exchange of views on further expansion of economic and trade cooperation, and other bilateral ties, especially on the development of China's Hainan Province.

Also participating in the talks were Chen Minzhang, chairman of the Chinese Government Reception Committee and minister of public health, Foreign Minister Qian Qichen and Thai Foreign Minister Sitthi Sawetsila, among others.

Prior to the talks, Li Peng presided over a grand ceremony to welcome Chatchai Chunhawan, his wife and entourage.

Honored at Banquet

HK1503144189 Beijing ZHONGGUO XINWEN SHE
in Chinese 1317 GMT 15 Mar 89

[Report by Li Wei (2621 0251): "Li Peng Says the Process of the Normalization of Sino-Indonesian Relations Has Begun"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 15 Mar (ZHONGGUO XINWEN SHE)—Chinese Premier Li Peng said here this evening: The process of the normalization of Sino-Indonesian relations has begun and China thinks highly of President Suharto's resolve and determination in decision-making.

He said: The normalization of Sino-Indonesian relations on the basis of the five principles of peaceful coexistence and the 10 principles introduced at the Bandung Conference is in keeping with the interests of the Chinese and Indonesian peoples and will have a positive effect on the friendship between China and ASEAN members and on peace and stability in the region.

At the welcoming banquet he hosted in honor of Thai Prime Minister Chatchai Chunhawan, Li Peng reiterated that China would firmly, at present or in the future,

abide by the four principles he put forward on behalf of the Chinese Government for developing relations with the ASEAN when he was visiting Thailand in November of last year.

Li Peng indicated: China thinks highly of the positive role played by Thailand and other ASEAN members on the Cambodian issue. "Since there has been no substantive change in Vietnam's position and since it still refuses to relinquish its control of Cambodia, the process of the settlement of this issue is still beset with difficulties."

Li Peng pointed out: Strengthening exchanges and cooperation is an inevitable trend resulting from the development of the times. In recent years, there have been notable developments in the Thai economy. China can learn from its rich experience.

In his remarks, Chatchai spoke highly of Thai-Chinese friendship, describing the close relations between Thailand and China as exemplary. He added that it was the Thai Government's firm policy to make further efforts to promote and strengthen Thai-Chinese friendly and cooperative relations.

He called on Vietnam to "honor the promise it made to the international community by withdrawing all its troops from Cambodia." He said: The efforts made by China and the Soviet Union to improve their relations will contribute to settling the Cambodian issue and have a positive effect on peace and stability in Asia and the Pacific region.

Before the banquet, Li Peng, Chatchai, and the over 100 distinguished Thai guests accompanying the Thai Prime Minister on his China visit had photographs taken.

Meeting With Yang Shangkun

OW1503155089 Beijing XINHUA in English
1512 GMT 15 Mar 89

[Text] Beijing, March 15 (XINHUA)—Chinese President Yang Shangkun said here today that "a realistic danger threatening Kampuchea now is the Heng Samrin-Hun Sen regime attempting to monopolize power. We are strongly opposed to that."

Yang made the remark when meeting Thai Prime Minister Chatchai Chunhawan this afternoon at the Great Hall of the People.

Yang stressed that a provisional four-party coalition government headed by Norodom Sihanouk must be set up in order to solve the Kampuchean question. Otherwise, it is hard to realize internal peace in Kampuchea.

Yang said that Chatchai's visit to China and his exchange of views with Chinese leaders will have great impact on promoting the solution of the Kampuchean question.

He said that, on the Kampuchean question, both China and Thailand support the just struggle and do not tolerate aggression of one country by another.

Chatchai said that Thailand regards China as its closest neighbor and is willing to exchange views with China on major issues.

Chatchai said that Thailand intends to turn the battlefield into marketplaces. However, the precondition is Vietnamese total troop withdrawal from Kampuchea. Thailand will not allow armed men [to] enter marketplaces.

Chatchai said that Thailand firmly adheres to its policy: Vietnam must withdraw all its troops from Kampuchea and the future Kampuchean Government must be headed by Norodom Sihanouk.

In their talks, Yang called Chatchai an "old friend of the Chinese people", praising his enthusiasm for promoting Sino-Thai friendship. Yang said that China and Thailand enjoy a close friendship and he hoped such friendly ties of cooperation will continue to develop in various fields.

Chatchai invited Yang to visit Thailand and Yang accepted the invitation.

Cambodian Resistance Holds News Conference

Issues Statement

BK1403133989 Beijing in Cambodian to Cambodia
1030 GMT 14 Mar 89

[Text] On 12 March, a special meeting of the three leaders of Cambodia's national resistance forces was held in Beijing under the lofty chairmanship of Samdech Norodom Sihanouk, leader of the Cambodian nation, leader of Cambodia's national resistance forces, and president of Democratic Kampuchea [DK]. The three leaders of Cambodia's national resistance forces meticulously discussed the situation of the heroic and courageous struggle of the Cambodian people in every field with the noble assistance of peace, freedom, and justice loving countries the world over to win back their independence and freedom and to oppose the war of aggression in Cambodia and the Vietnamization of Cambodia by the Socialist Republic of Vietnam.

On this occasion, the three leaders of Cambodia's national resistance forces would like to solemnly make the following declaration to the Cambodian people and the world.

1. To quickly liberate the nation, the three leaders of Cambodia's national resistance forces pledge to continue to constantly strengthen the sacred unity among all of us. On the political front as well as on the diplomatic front, the three parties of Cambodia's national resistance forces pledge to show unity and speak one and the same language. All of us are determined to strengthen solidarity, cooperation, mutual respect, and mutual assistance

among the three armies of Cambodia's national resistance forces in the struggle against the Vietnamese colonialist troops. We pledge to intensify this struggle more vigorously through every means inside Cambodia. All of us absolutely pledge not to alter this sacred unity.

In this spirit, all of us have decided to set up a high council for national defense led by Samdech Norodom Sihanouk, leader of the Cambodian nation, leader of Cambodia's national resistance forces, and president of Democratic Kampuchea. His Excellency Son Sann, CGDK [Coalition Government of Democratic Kampuchea] prime minister, and His Excellency Khieu Samphan, DK vice president in charge of foreign affairs, are vice chairmen of this council. The three ministers of the Coordinating Committee for National Defense of the CGDK, the high command, and the general staff of the three armies of Cambodia's national resistance forces are permanent members of this council.

The task of this council is to strengthen and expand unity, cooperation, mutual respect, and mutual assistance; ensure that these are constantly maintained among the three armies of Cambodia's national resistance forces; and solve eventual problems by always holding aloft the high interests of the common struggle.

This council will meet at the invitation of the chairman or at the request of the vice chairmen. Meetings will be held at Samdech Norodom Sihanouk's residence.

2. The three leaders of Cambodia's national resistance forces would like to reaffirm again the true nature of the war in Cambodia. It is not a civil war among Cambodians at all, but a war of aggression and colonialism of the SRV against Cambodia that the UN General Assembly has annually condemned for the past 10 years with an overwhelming majority of voices. By falsely arguing that the war in Cambodia has two aspects—the first being an international aspect and the second, an internal aspect—Vietnam has tried to falsify the true nature of the war to avoid responsibility as the aggressor and has attempted to force the Cambodian people—the victims—and the international community to recognize the puppet regime Vietnam has put up in Phnom Penh. Without the constant protection of more than 100,000 Vietnamese troops, the so-called People's Republic of Kampuchea [PRK] would have been blown away like a piece of paper. By attempting to resolve the Cambodian problem through this maneuver, Vietnam has blocked a just and durable solution to the Cambodian problem and further prolonged the war and the Cambodian people's suffering. The Hanoi leaders have prolonged the war and continue to systematically implement a Vietnamization policy in Cambodia by successively sending Vietnamese nationals to settle in Cambodia. The number of these Vietnamese nationals has reached several hundred thousand; some sources say the figure is over a million. This

is a policy to annex Cambodia, similar to what Vietnam did in the 19th century to Kampuchea Kraom [former Cambodian territory in south Vietnam], which has now become south Vietnam.

Along with implementing this Vietnamization policy, the Hanoi leaders and the Phnom Penh regime, which the SRV has created, have seriously violated human rights in Cambodia and have committed countless crimes against Cambodian civilians, as testified to by many Cambodian refugees, both male and female, who have fled abroad; by Amnesty International in London; in articles; in books; and in reports by Western journalists, writers, and investigators.

3. The three leaders of Cambodia's national resistance forces would like to specify that the five points of Samdech Norodom Sihanouk's peace plan are not demands or conditions as claimed by Vietnam and the Phnom Penh regime, but these stem from principles clearly set out in international law. These are the principles of respect for independence, sovereignty, and territorial integrity of each country and the right to self-determination of a people.

No one wants peace for Cambodia and the Cambodian people more than us, the victims. However, peace without 100 percent independence for our motherland and without our people's right to self-determination is unacceptable to us. The three leaders of Cambodia's national resistance forces demand that Vietnam—being the other party to this war—come forward and solve the Cambodian problem comprehensively with the CGDK—which is Cambodia's sole and legitimate government—in accordance with the correct resolutions of the United Nations on the Cambodian problem, and withdraw all its forces, both official forces and the disguised ones, from Cambodia under UN supervision.

On this occasion, the three representatives of Cambodia's national resistance forces would like to specify that the fact that we agreed to meet with Hun Sen and his group does not mean that we accept Hanoi's view that the war in Cambodia has two aspects. This gesture of Cambodia's national resistance forces is just a sign of respect for the opinions of people in countries friendly to Cambodia that have appealed for a meeting among all four Cambodian parties.

Currently, while wars in various regions are moving toward peaceful solution through the efforts of the UN Security Council and the UN secretary general, the three leaders of Cambodia's national resistance forces would like to appeal to the UN Security Council and the secretary general to make active contributions to solving the Cambodian problem politically. We would like to reaffirm again that within the framework of a political solution to the Cambodian problem, we have agreed that each party's army be reduced to 10,000 men and we are

ready to hand over the weapons of our troops in excess of the 10,000 men to the UN International Control Commission or the UN International Peacekeeping Force.

4. With a high sense of responsibility for the sacred unity of our people and among the three armies of Cambodia's national resistance forces, which is of great significance for the survival of the Cambodian nation now and in the future, the three leaders of Cambodia's national resistance forces have decided to adopt a common political program based on Samdech Norodom Sihanouk's five-point peace plan and the modalities for implementing this plan. Furthermore, all of us accept a multiparty parliamentary regime, following the Western democratic model, which is not a communist regime and which is a free-economy regime for Cambodia after liberation. All of us solemnly promise to respect and to ensure that human rights will be respected in Cambodia: freedom of religion, freedom of speech and of the press, freedom of profession to earn a living, and so on. We will absolutely oppose any one force among the three forces of Cambodia's national resistance forces using arms to dominate others and to hold absolute power alone.

The three leaders of Cambodia's national resistance forces would like to appeal to all Cambodian compatriots, both men and women, including those who are serving the Phnom Penh regime, to awaken to their nationalist conscience. Whether they are men or women, with their Cambodian nationalist conscience they should join Cambodia's national resistance forces to save our nation and people and contribute to building with unity our currently ruined motherland. Finally, the three representatives of Cambodia's national resistance forces would like to express once again their profound gratitude to the United Nations; to UN Secretary General His Excellency Perez de Cuellar; and to all peace, freedom, and justice loving countries that have provided their noble assistance and support, both politically and diplomatically, and that have provided all kinds of assistance to the Cambodian people in their struggle for independence and for their nation's survival.

[Dated] 14 March 1989

[Signed] Norodom Sihanouk
Son Sann
Khieu Samphan

After the release of the joint statement of the three leaders of Cambodia's national resistance forces, Samdech Sihanouk, Son Sann, and Khieu Samphan also answered reporters' questions. Samdech Sihanouk disclosed that in June or July this year, the four Cambodian parties will meet again in Paris to discuss a peaceful solution to the Cambodian problem. However, the Cambodian issue is not just a problem inside Cambodia, it is also an international problem resulting from Vietnam's aggression. This is why Vietnam should also take part in this meeting. If Vietnam takes no part in it, he will do the same.

Son Sann and Khieu Samphan both pointed out the importance of the fact that the three armed forces should increase unity, cooperate as one, and struggle against the Vietnamese aggressors. Khieu Samphan also said:

[Begin Khieu Samphan recording] Our struggle, now and in the future, is no longer an issue of ideology. It is an issue of the Cambodian nation's survival. Therefore, we should have a strategic policy appropriate to this situation. This is why we are happy to support the five-point peace plan of Samdech Norodom Sihanouk, leader of the Cambodian nation, leader of Cambodia's struggle, and president of Democratic Kampuchea. We are happy to reduce the strength of our army to 10,000 men within the framework of a four-party Cambodian army to be set up in the future in the framework of solving the Cambodian problem through Samdech Norodom Sihanouk's five-point plan. We would like to request genuine international supervision under the UN International Control Commission for a period, and then following Vietnam's withdrawal there should be supervision by an international force. This stems from our sincerity for Cambodia's survival. On the one hand this is to ensure that Vietnam cannot return to commit aggression against Cambodia, and on the other, to ensure comfort for everyone so that we can unite now and in the future. [end recording]

Sets Up Defense Council

OW1403115189 Beijing XINHUA in English
0808 GMT 14 Mar 89

[Text] Beijing, March 14 (XINHUA)—The three parties of the Cambodian national resistance (CNR) have decided to set up a high council for national defence to ensure solidarity, cooperation and mutual respect and assistance among the CNR's three armies.

A joint statement signed by Norodom Sihanouk, Son Sann and Khieu Samphan and released at a press conference held by Norodom Sihanouk here today said the mission of the council is also to smooth out all the difficulties that may occur, in the high interest of the common struggle.

The statement said the council will be presided by Norodom Sihanouk, national leader, chief of CNR and president of Democratic Kampuchea, and will have two vice-presidents, namely Son Sann, prime minister of the Coalition Government of Democratic Kampuchea (CGDK), and Khieu Samphan, vice-president of Democratic Kampuchea in charge of foreign affairs.

The statement said the council will also have as permanent members the three CGDK ministers, members of the coordinating committee on national defence, and the three commanders-in-chief or chiefs of general staff of the three armies of the CNR.

The council will be convened, the statement said, either by the convocation of its president or at the request of its vice-presidents, at the residence of Norodom Sihanouk.

Calls For More International Aid

OW1403123889 Beijing XINHUA in English
0920 GMT 14 Mar 89

[Text] Beijing, March 14 (XINHUA)—Samdech Norodom Sihanouk, president of Democratic Kampuchea, said here today that the international community, the United Nations Security Council in particular, should now concentrate on the Kampuchean problem and the security in Southeast Asia.

Speaking at a press conference he held together with Prime Minister Son Sann and Vice-President Khieu Samphan at noon here today, Sihanouk said he was satisfied with Chinese leader Deng Xiaoping's decision on having a summit with Soviet leader Gorbachev.

"I think that together, China and the Soviet Union can make a valuable contribution in the search of an equitable solution of the Kampuchean problem," Sihanouk said, adding that the two countries can also do something beneficial to peace and stability in Southeast Asia.

He reaffirmed the conviction that China will continue to support the three Kampuchean resistance forces.

He asked the United States, which up to now has given "very little help," to offer more aid to the Kampuchean resistance forces.

Sihanouk told reporters that he would give a banquet in honor of Thai Prime Minister Chatchai Chunhawan who is scheduled to arrive in Beijing tonight on a visit to China. The banquet will also be attended by Son Sann and Khieu Samphan, he added. He said that Thailand is a friendly neighbor to Kampuchea.

Says France Plans Meeting

OW1403134089 Beijing XINHUA in English
1039 GMT 14 Mar 89

[Text] Beijing, March 14 (XINHUA)—Samdech Norodom Sihanouk said here today that France is willing, in principle, to organize a round-table meeting to be attended by leaders of the four factions in Kampuchea.

Speaking at a press conference, Sihanouk said that the meeting will probably take place in June or July in Paris or somewhere near Paris.

He said that out of his respect for France, he has accepted the invitation by France and decided to send Prince Ranariddh to represent him at the summit.

But he stressed that France should compel Vietnam, the aggressor country in the Kampuchean conflict, to negotiate with the Coalition Government of Democratic

Kampuchea (CGDK) which is officially recognized by the United Nations as the sole legal government of Kampuchea. This is because the problem is not an inter-Kampuchean problem, but one between Kampuchea and Vietnam. As France cannot force Vietnam to negotiate with CGDK on the Kampuchean issue, he has agreed to such an arrangement, he added.

Sihanouk said that prior to that summit, France will organize a similar meeting at the ambassadorial level. He will send a few ambassadors of the national resistance forces to meet the ambassadors of the Hun Sen group, he added.

Thailand To Set Up Enterprise in Guangdong
OW1403012389 Beijing XINHUA in English
0912 GMT 10 Mar 89

[Text] Guangzhou, March 10 (XINHUA)—The Chia Tai Co, Ltd of Thailand will invest 800 million U.S. dollars to set up a large petrochemical enterprise in the Shantou Special Economic Zone, making it the largest foreign-funded enterprise in the zone, a Guangdong Province official disclosed today.

With advanced technology from abroad, the enterprise will produce annually 250,000 tons of ethylene, 480,000 tons of synthetic resin, 180,000 tons of organic chemical materials, and other chemical products.

The corporation has already established more than 10 enterprises producing different items in several of China's major cities, including Beijing, Shanghai, and Guangzhou since China opened its doors to the outside world.

Lee Kuan Yew Discusses Diplomatic Relations
HK1503030189 Beijing RENMIN RIBAO in Chinese
11 Mar 89 p 3

[Report: "Lee Kuan Yew Speaks About Establishment of Diplomatic Relations Between Singapore and China"—XINHUA headline]

[Text] Beijing, 10 Mar (XINHUA)—According to a Singapore evening newspaper report on 9 March, in an interview with Taiwan reporters on 8 March, Singapore Prime Minister Lee Kuan Yew said that he did not have a timetable for the establishment of diplomatic relations between Singapore and China, but that it would surely be after Indonesia and China restored diplomatic relations.

Lee Kuan Yew said: It will probably take China and Indonesia a year to complete procedures for the restoration of diplomatic relations, and possibly several months after that, Singapore will be able to establish diplomatic relations with China.

Lee Kuan Yew reaffirmed Singapore's stand on "one China." He said: As far back as in 1971, Singapore declared its stand in the United Nations that there is only one China.

Moreover, according to Taiwan's CHUNG-KUO SHIH-PAO [China Times], Lee Kuan Yew said in the interview: The establishment of diplomatic relations between Singapore and China will not affect existing Singapore-Taiwan economic relations, but in diplomatic affairs, Singapore recognizes China as the only government.

Embassy Warns Against Philippine-Taiwan Act
HK1403125189 Beijing International Service
in Tagalog 1130 GMT 14 Mar 89

[Text] The People's Republic of China Embassy in Manila issued a statement yesterday that it cannot accept the Philippine-Taiwan Beneficial Relations Act which is pending in the House subcommittee. The PRC embassy spokesman said that the essence of the bill is to recognize Taiwan as a country and establish official contact, thus furthering Philippine-Taiwan relations. The statement says the bill violates the joint communique which established diplomatic ties between China and the Philippines, and it goes against Executive Order No 313 issued by President Corazon Aquino. The embassy spokesman added they are hopeful that the congressmen who submitted the bill will consider the greater interest of both the Philippines and China, withdraw the proposal, and will not do anything that may offend the Chinese and harm the fundamental good of the Filipinos.

The press communique issued on 10 March by the Philippine Department of Foreign Affairs [DFA] spokesman stated that the DFA was not in favor of the bill because it is inconsistent with the government's one-China policy, and it poses a threat to the good relations enjoyed by the two countries. Foreign Affairs Secretary Raul Manglapus also issued a statement yesterday saying they reiterate their position opposing the Taiwan Relations Act. He said there is no need to propose this bill for they fully recognize the one-China policy and Beijing as the seat of government.

Near East & South Asia

Tian Jiyun Completes Visit to Iraq

'Satisfied' With Visit
OW1503044589 Beijing XINHUA in English
0110 GMT 15 Mar 89

[By Lu Jianxin]

[Text] Baghdad, March 14 (XINHUA)—Chinese Deputy Premier Tian Jiyun said here today that he is satisfied with the results of his visit to Iraq which has reached its fixed goal.

Speaking to reporters before leaving for Kuwait this evening, Tian said that during his visit, he held talks with President Saddam Husayn and other high-ranking Iraqi officials.

Both sides reviewed the development of the relations between the two countries, and discussed ways and means to further develop them, Tian said.

"Both of us agreed that the prospect to develop the relations are good," he added.

Tian said that during his visit, he also exchanged views with the Iraqi side on the international issues of common interest.

The deputy premier revealed that the concrete measures to develop Sino-Iraqi relations touched during his visit to Iraq will be discussed in detail and fixed during the annual session of Sino-Iraqi Mixed Economic Commission which is scheduled to convene this May.

He said that he visited some Chinese companies and sites of China's contract projects in Iraq and got the impression that Chinese companies are working here well.

China and Iraq have laid a foundation of bilateral cooperation. This foundation, fostered through years of efforts, should be "very much cherished," he noted.

Tian was seen off this evening at the airport here by Sa'dun Hammadi, speaker of Iraqi National Assembly, and Samal Majid Faraj, Iraqi planning minister.

Tian is currently on a tour of five Western Asian countries. He has visited Iran, Turkey and Iraq. After his Kuwait tour, he will also visit the United Arab Emirates.

Pledges Reconstruction Support

OW1503045089 Beijing XINHUA in English
0214 GMT 15 Mar 89

[By Lu Jianxin]

[Text] Baghdad, March 14 (XINHUA)—Chinese companies will continue to join in Iraq's construction projects after the eight-year Gulf war which ended last August, said Chinese Deputy Premier Tian Jiyun here today.

During a visit this morning to the new Hindiya barrage project, China's largest contract project in Iraq, about 70 kilometers south of Baghdad, Tian said he got the impression that Chinese companies' reputation in Iraq is good, adding that the Chinese Government supports the companies' activities in joining the international contract.

China has laid down a foundation in constructing international contract projects in the past 10 years, and will witness a further development in this cause in the next 10 years, the Chinese deputy premier said.

During the visit, Tian listened to the introduction of the project's work, visited parts of the project including the main dam and power station.

He cordially talked with Chinese workers and asked their leaders to convey his greetings to all workers at the project.

The new Hindiya barrage is situated on the Euphrates River in Iraq's Babylon Province. The new barrage consists of six main components including six electrical-operated gates each with a width of 16 meters.

The project is being built by China State Construction Engineering Corporation at a cost of 74 million Iraqi dinars (around 240 million dollars). It is scheduled to be completed on March 22 this year.

The Chinese deputy premier arrived here Saturday evening for a four-day friendly visit to Iraq. He is the highest-ranking official ever visiting Iraq since the two countries established diplomatic relations in 1958.

Tian is currently on a tour to five Western Asian countries which has brought him to Iran and Turkey. He will leave for Kuwait this evening, and will also visit the United Arab Emirates afterwards.

Ni Zhifu Arrives in Bangladesh for 3-Day Visit

OW1503003189 Beijing XINHUA in English
1053 GMT 14 Mar 89

[Text] Dhaka, March 14 (XINHUA)—Ni Zhifu, vice chairman of the Standing Committee of China's National People's Congress, arrived here today on a three-day visit to Bangladesh.

As China's special envoy, Ni Zhifu said in a statement issued at the airport upon his arrival that the main purpose of his visit is to attend the ceremony marking the completion of the Bangladesh-China Friendship Bridge constructed on the River Buriganga southwest of the capital city of Dhaka. The bridge stands as a symbol of profound friendship between the two peoples, he said.

The friendship bridge will open to traffic tomorrow. Bangladesh President H.M. Ershad is scheduled to inaugurate the bridge built with China's aid.

The bridge, of which the cost is estimated at about 3.4 million U.S dollars, is 847.32 meters in length and 17.6 meters in width. This is the longest bridge so far in this country.

Yan Mingfu Meets Algerian Youth Delegation

OW1503002389 Beijing XINHUA in English
1051 GMT 14 Mar 89

[Text] Beijing, March 14 (XINHUA)—Yan Mingfu, member of the Secretariat of the Chinese Communist Party Central Committee, met here this afternoon with a delegation from the National Federation of Youth of Algeria.

The delegation, led by the Federation's General Secretary A. Boukkerzaza, represents the first one the federation ever sent to visit China with an aim to exchange experience on youth work, study current state of youth in China and strengthen bilateral friendly relations of cooperation.

Present at the meeting were Song Defu, first secretary of the Chinese Communist Youth League Central Committee, and Lazhari Cheriet, Algerian ambassador to China.

Israel Urged To Heed Think Tank on Palestine
HK1503092589 Beijing RENMIN RIBAO in Chinese
11 Mar 89 p 3

[Article by Yi Fan (6654 1581): "Advice from Israel's 'Think Tank'"]

[Text] On 3 March, the Jaffee Center for Strategic Studies, in Tel Aviv, known as "Israel's think tank," at the request of a general membership meeting of Americans of Jewish descent, published a 235-page report entitled "The West Bank and Gaza: Israel's peace proposals."

After analyzing the situation, both internal and external, in which Israel finds itself following the 1973 Arab-Israeli war, the report points out that Israel is not expected to repeat past mistakes in future peace talks on affairs in the Middle East. It appeals to the Israeli authorities to enter into negotiations with the PLO and to acknowledge the state of Palestine. The report says in its conclusion that as long as the problem of Palestine remains unsettled, there will be no reconciliation between Israel and the Arabs.

In recent years Israel has repeatedly rejected reasonable Arab proposals on settling the Palestinian problem, resulting in large-scale uprisings by Palestinians on the West Bank and mounting appeals for peace in Israel. When the world is hoping for peace in the Middle East as soon as possible, Israel's continued suppression and deportation of Palestinian people is condemned throughout the world. Even the United States and Jewish groups in that country, who consistently support Israel, show profound concern over the situation. More and more people of insight in Israel are appealing to the Israeli authorities to change their minds, demanding immediate peace. The United Workers' Party in Israel has decided to hold talks with the PLO in Washington within the next few days.

From now on, Israel's major policy decisions concerning a solution to the conflict between the Arabs and Israel will affect not only the prospects for peace in the Middle East, but also Israel's own fate. At this important historical juncture, the Israeli authorities should not remain indifferent toward the advice given by Israel's think tank.

Egyptian Minister Visits Exports Fair in Cairo
OW1503152889 Beijing XINHUA in English
1642 GMT 14 Mar 89

[Text] Cairo, March 14 (XINHUA)—The Chinese Exports Fair opened here today with the participation of 27 Chinese companies.

The fair is co-sponsored by the China Council for the Promotion of International Trade and China National Machinery and Equipment Import and Export Corporation.

Nearly 12,000 exhibits are on show, including machine tools, meters, precision instruments, agricultural machines, telecommunication equipment, electronic devices, chemicals and foodstuffs.

Egyptian Economy and Foreign Trade Minister Muhammad Sultan Abu 'Ali visited the fair and expressed the hope that cooperation in trade will further develop between China and Egypt.

The fair is part of Cairo's "commercial week" which is participated by other countries including the United States, the Soviet Union, Czechoslovakia, Poland, Yugoslavia and Democratic Korea.

Sub-Saharan Africa

South African Actions in Namibia Criticized
HK1503072189 Beijing RENMIN RIBAO in Chinese
12 Mar 89 p 3

[Article by Wen Xian (3306 2009): "It Is Untimely"]

[Text] At a time when the process of independence is about to start in Namibia, innocent Namibian civilians are still being murdered. This is really shocking.

During the past few weeks some pro-South Africa white organizations have caused one shooting incident after another in Namibia. What is most shocking is that on 4 March seven middle-school students, who were having breakfast, were suddenly and cruelly killed in a shower of bullets by a gang of whites.

The white groups have resorted to contemptible means to sabotage implementation of UN Security Council Resolution No 435 and similar incidents have emerged in an endless stream. Recently, South African troops even allowed non-Namibians to register for election in an attempt to prevent the South West African People's Organization getting the upper hand in the November elections. People can easily see the shadow of South African apartheid behind these activities.

Members of the UN group providing assistance to Namibia during the transitional period recently arrived in Namibia and have started to carry out their mission of maintaining peace and supervising the elections. The

general trend toward independence in Namibia is irresistible. All South Africa's untimely activities will only remind people that the progress of Namibia's independence will not be smooth.

Sino-African Fishing Cooperation Increases

*OW1503165689 Beijing XINHUA in English
0656 GMT 13 Mar 89*

[Text] Dakar, March 12 (XINHUA)—Fishing cooperation between China and certain West African countries is off to a good start, with expectations for even more success.

The Chinese vice-minister of agriculture, animal husbandry, and fisheries, Liu Jiang, said this here yesterday before leaving for home after concluding a tour of Morocco, Guinea-Bissau, Las Palmas and Senegal.

Las Palmas is the seat for representatives of China's general company of fishing on the high seas.

Liu Jiang added that cooperation between China and Morocco, Senegal, Nigeria, and Guinea Bissau, based on mutual development, is not limited to the harvesting and sale of fish, it also includes the supply of necessary

fishing materials, the repairing of ships, the construction of small and medium boats, the conducting of scientific research, and personnel training.

Referring to China's having had only four years' experience in the development of fishing on the high seas, Liu Jiang said that China still has a shortage of professional personnel, foreign language specialists, relevant experiences, and a fleet of modern fishing vessels.

China now has 100 boats and 3,000 people engaged in the overseas fishing industry.

With the deepening of reforms and adjustments being made in China, Liu Jiang said, China's fishing on the high seas and its cooperation with the African countries will surely be developed and improved.

During his visit in Guinea-Bissau, the vice-minister was received by the head of state, Joao Bernardo Vieira, and signed the minutes of the meeting with his counterpart, Minister Abubacar Balde, to reinforce cooperation in fishing.

Under the agreement, China is to provide Guinea-Bissau with an industrial boat to help solve difficulties in supplying fuel and ice for fishing, and six fishing boats as well.

Political & Social

Further Reportage on Spokesman's News Briefing

No 'Western Political Systems'
*OW1503031489 Beijing XINHUA Domestic Service
in Chinese 1542 GMT 14 Mar 89*

[By reporters Sun Benyao and He Ping; "Local Broadcast News Service"]

[Text] Beijing, 14 Mar (XINHUA)—Yuan Mu, spokesman of the State Council, pointed out today that China will never introduce Western political systems that are unsuitable for its national conditions.

At a press conference sponsored by the Chinese Reporters Association, Yuan Mu made the following remark in answer to a foreign reporter's question concerning the fact that some individuals have written letters to call upon people to sign up to demand the release of political prisoners: Those that they demand to be released are elements who committed criminal acts and have been sentenced according to law, not political prisoners. So-called political prisoners are nonexistent in China, so there is no such question as to the release of political prisoners.

He pointed out: If someone is submitting his opinion through proper channels to the party Central Committee, the State Council, or the People's Congress, he will definitely be welcomed. However, we disapprove of some people's acts of attempting to rely on assistance from certain foreign forces to exert pressure on our government.

Yuan Mu stressed: It is our goal to build up socialist democratic politics. To this end, China will resolutely, actively, and steadily promote its political reform. But we will never introduce Western political systems that are unsuitable for China's actual conditions.

Yuan Mu added: The multiparty cooperation and political consultation system under the leadership of the Communist Party is a characteristic feature and strong point of China's political system. We will continue to give play to this strong point.

Asked by a reporter whether the leadership in government departments will include members of democratic parties, Yuan Mu replied: As far as I know, this matter is being studied seriously by the departments concerned and will be put into practice step-by-step so as to better conduct multiparty cooperation led by the Communist Party.

Further Comments on Tibet

*OW150303189 Beijing XINHUA Domestic Service
in Chinese 1525 GMT 14 Mar 89*

[By reporters Sun Benyao (1327 2609 1031) and He Ping (0149 1627); "Local Broadcast News Service"]

[Text] Beijing, 14 Mar (XINHUA)—Today State Council spokesman Yuan Mu said the key factor behind the Lhasa riots lies in the demand by a small number of separatists that Tibet be seceded from the community of the motherland. Tibet is a territorial part of China and any words or actions aimed at the secession of Tibet must be opposed.

In a press conference held by the Chinese Reporters Association this morning for Chinese and foreign reporters, Yuan Mu answered questions about the Lhasa riots and the martial law in Lhasa decreed by the State Council.

Yuan Mu said: The Lhasa riots threatened the lives and property of the people and disrupted people's normal life and production order. The purpose of the martial law is to stabilize social order, maintain the people's normal life and production order, and protect the lives and property of the residents in Lhasa.

He pointed out that the attitude and position adopted by the Chinese Government and people on the issue of Tibet are well known. We resolutely oppose the secession of Tibet from the community of the motherland. The people of China, including the Tibetan compatriots, will allow no forces or individuals, either at home or abroad, to engage in secessionist activities in Tibet.

Yuan Mu said: We will continue to respect the customs and habits of the Tibetan people and their freedom of religious belief and make still better efforts to help the Tibetan people promote their economic and cultural undertakings.

Price Reform To Slow

*OW1503031989 Beijing XINHUA Domestic Service
in Chinese 1536 GMT 14 Mar 89*

[By reporters Sun Benyao and He Ping; "Local Broadcast News Service"]

[Text] Beijing, 14 Mar (XINHUA)—Yuan Mu, spokesman for the State Council, fielded questions on a number of important issues about China's economy at today's press conference attended by both Chinese and foreign reporters.

In answering questions about the price issue, Yuan Mu said: Our price reform will continue. However, in light of last year's obvious inflation, we will proceed with price reform at a slower pace. This year, therefore, we will only readjust certain commodity prices that need to be readjusted while harnessing inflation.

Yuan Mu acknowledged that there will be "very great difficulty" trying to force down this year's price hike range way below that of last year. He said: We saw the momentum of the price hike abate in January and February. However, to have this year's price hike range largely reduced will very much depend on how we are doing the rest of the year. The State Council and the governments at all levels are taking various measures to achieve this goal.

When asked what action the government will take to solve unfair social distribution, Yuan Mu said: First of all we will punish, according to the law, those who run businesses illegally. Then, we will levy personal regulation taxes on recipients of extra high income.

When asked where the Chinese Government has gone wrong in guiding the country's economic work, Yuan Mu said that the government has made some mistakes in its eagerness for economic and social development.

One reporter asked: Could you please shed some light on the government work report?

Yuan Mu answered: The government work report was drafted under the direction of Premier Li Peng. It mainly deals with how to cope with the current situation and focuses on how to further improve the economic environment, rectify economic order, and intensify reform.

Economic Mistakes Admitted

OW1403114589 Beijing XINHUA in English
0903 GMT 14 Mar 89

[Text] Beijing, March 14 (XINHUA)—China has made some mistakes in its eagerness for economic and social development, and neglected to pay enough attention to overall control, said spokesman of the State Council Yuan Mu today.

Addressing a news conference attended by both Chinese and foreign reporters here today, he said China's obvious inflation last year was the result of an overheated economy and soaring social demand.

The spokesman said, as a populous country, China's natural resources are comparatively limited, and its economic development uneven. As a result, it tends to put too much stress on speed, especially production value and quantity. And the scale of its capital construction is also too large.

The state didn't pay enough attention to these problems, he said.

He pointed out that China's reform is progressing in the right direction, and has proved quite successful on the whole. However, the complications of the reform were not taken into full consideration in the past, and the neglect of overall control has led to some undesirable phenomena.

More on Economic Successes

OW1503031789 Beijing XINHUA Domestic Service
in Chinese 1457 GMT 14 Mar 89

[By reporters Sun Benyao and He Ping; "Local Broadcast News Service"]

[Text] Beijing, 14 Mar (XINHUA)—State Council spokesman Yuan Mu said today that China has achieved initial results in improving its economic environment and rectifying economic order and will not waver in its determination to fulfill this task.

At a press conference at the Chinese Reporters Association for both Chinese and foreign reporters, Yuan Mu said the achievements were mainly reflected in the following:

- By the end of February, construction of 18,000 fixed-assets investment projects was halted, making it possible to cut total capital investment by 64.7 billion yuan.
- Institutional buying has initially been brought under control and is slowing down continuously.
- Savings for urban and rural residents are on the rise again. By the end of February, total surplus savings reached 401.92 billion yuan, up respectively 21.77 billion and 1.1 billion from the beginning of the year and from the same period of last year.
- The rate of inflation is receding, which has put the masses' minds at ease and stabilized both the urban and rural markets.
- By the end of January, over 17,000 unqualified companies were ordered either to shut down or be merged. The malpractice of party and government organs involved in running business activities has been basically resolved. The work of reexamining management qualifications and business scope and practices of various types of companies is continuing.
- In January and February, the industrial growth rate dropped to 8 percent, a rate meeting the requirement of planning. However, structural problems in economic development still remain and some even have become worse.
- Yuan Mu emphatically pointed out: Further retrenchment not only will be difficult to achieve but will bring about new problems and difficulties. However, our resolve to improve the economic environment and rectify economic order shall never and must never waver; there should not and cannot be any halfway measures.

No Big Price Changes This Year

OW1403131889 Beijing XINHUA in English
1032 GMT 14 Mar 89

[Text] Beijing, March 14 (XINHUA)—State Council spokesman Yuan Mu indicated here today that there will be no big changes in prices this year.

While answering questions at a press conference, Yuan said that although the reform of the price system will continue to be carried out, the speed will be slowed down in light of the measures which have been taken to check inflation.

"Only the prices of a small number of commodities which need immediate change will be adjusted this year," he said, adding that the price reform must be carried out in tandem with the curbing of inflation.

According to Yuan, price rises slowed in the first two months of this year, but he did not give any specific figures.

Personal Income Tax Slated

OW1403114889 Beijing XINHUA in English
0838 GMT 14 Mar 89

[Text] Beijing, March 14 (XINHUA)—Government employees, residents of big and middle-sized cities and private businessmen will be the first to be asked to make reports about their personal incomes when China establishes a personal income declaration system later this year.

Speaking at a press conference here today, spokesman for the State Council Yuan Mu said the introduction of the system is part of the current efforts to solve the problem of unfair income distribution.

The state will levy strict personal income tax on those people who have high incomes, Yuan said.

According to Yuan, China will also investigate and punish all involved in illegal business operations as another way to solve the problem of unfair social distribution.

"To calm the masses' anger about corruption among officials, the government is encouraging its citizens to report illegal activities of all kinds while the government itself is committed to open administration," he said.

At present, the Ministry of Supervision and the Auditing Administration have set up permanent offices in more than 40 ministries and commissions, according to Yuan.

Video Report on Briefing

OW1403225089 Beijing Television Service in Mandarin
1134 GMT 14 Mar 89

[Recorded video report on a 14 March news conference sponsored by the All-China Journalists Association, captioned: "State Council Spokesman Yuan Mu Answers Questions Posed by Chinese and Foreign Reporters"—location of press conference not specified]

[Text] [Video opens with shots of a square white board which reads: "News Conference, All-China Journalists Association," and then cuts to pan shots of 200 or more Chinese and foreign reporters in a big conference room at an unidentified location]

[Unidentified speaker] Today the All-China Journalists Association is sponsoring a press conference by Mr Yuan Mu, press spokesman for the State Council. Before he answers questions, I would like to ask him to say a few words.

[Yuan Mu is seen in closeup shots, seated at a long table facing the reporters] Ladies and gentlemen, I am happy to meet you again. Since the beginning of this year, the State Council has issued 12 sets of regulations and statutes on continuing to improve the economic environment and rectifying the economic order. So far, some 40 major measures have been taken to this effect. This is the first point I would like to make.

Second, based on last year's achievements, we have made new advances in the drive to improve the environment and rectify the order since the beginning of this year. These are manifested mainly in the following aspects: 1) By the end of February, construction of 18,000 fixed assets investment projects had been halted or postponed, cutting the total investment by 64.7 billion yuan. 2) Institutional expenditure has been brought under control, and its growth rate is tending to decline. 3) The savings of urban and rural residents have been steadily rising after a dip, and the surplus savings came to 401.92 billion yuan at the end of February, 21.77 billion yuan more than at the beginning of this year.

The slowing trend in price rises has alleviated the people's anxiety and kept the market basically stable. Progress has also been made in checking and consolidating companies. By the end of January, some 17,000 companies throughout the country had been abolished or merged. As far as companies run by party and government organizations are concerned, 80 percent of party and government organizations have disconnected themselves with the companies, and 72 percent of party and government cadres holding concurrent jobs in such companies have resigned from either the companies or their public posts. Therefore, the problem regarding businesses and enterprises run by party and government organizations and served by party and government cadres has basically been resolved. Further examinations are being made on the qualification and business scope and method of various companies. More unqualified companies are expected to be abolished.

As a result of these efforts, China's overheated economy has begun to cool down gradually this year. The average industrial growth rate in January and February was 8 percent, dropping to the targeted level of the plan. This is a good sign. Despite the decline in growth rate, structural problems have worsened. The slow growth rate of state enterprises has affected the effort to increase effective supply. [Video continues show show closeup shorts of Yuan, facing reporters as he speaks but occasionally glancing at prepared notes laid on the table]

The above indicates new successes achieved this year in China's drive to improve the environment and rectify the order. However, we must be soberly aware that these successes are only initial, and there will be difficulties and problems next year. We must also be aware of the difficulties in further carrying out the drive. Not only is the drive itself rather difficult, but new difficulties and problems will also be encountered in the course of the drive. Therefore, the tasks remain arduous. Nevertheless, we are determined to carry out the drive to improve the environment and rectify the order to its very end. There should not and cannot be any swerving halfway through. [Video shows foreign reporters in medium shots, taking notes]

The third point I would like to make is that the drive to improve the economic environment and rectify the economic order is being carried out in the overall context of the policy of reform and opening to the outside world. Last year, we took measures, including the principles for improving the environment and rectifying the order, to perfect the contracted managerial responsibility system of industrial and commercial enterprises. Progress has been made in achieving optimum organization of labor in enterprises, as well as in invigorating enterprises. Productivity for a full-time industrial enterprise worker last year increased by 9.3 percent over the preceding year. We have also made advances in developing markets for commodities, capital, technology, labor services, and foreign exchange regulations, thereby promoting China's structural reforms in planning, investment, material supply, finance, and foreign trade. China's total imports and exports last year grew by 24.4 percent, exceeding \$100 billion. The year's actual utilization of foreign capital went up 16.4 percent to \$9.84 billion, and 5,896 foreign investment enterprises were approved, a record figure for the past decade. These facts prove that the drive to improve the economic environment and rectify the economic order is not affecting China's reform and opening policy. We will certainly continue to carry out the drive this year in the overall context of the reform and opening policy.

Fourth, an important guarantee for fulfilling the tasks of the drive to improve the economic environment and rectify the economic order is to safeguard stability and unity and maintain social stability. As far as this point is concerned, I would like to brief you about the work in the following fields: 1) We will continue to promote the political structural reform and to reinforce the construction of socialist democracy and the legal system in an active and steady way in line with the arrangements mapped out by the 13th CPC National Congress while carrying out the drive to improve the environment and rectify the order. 2) The State Council has basically completed its organizational reform in accordance with the plan approved by the First Session of the Seventh NPC. This year, we will make further efforts to effect a change in the functions of practical work of various State Council departments so as to further improve their work

efficiency. 3) We will gradually strengthen administrative and judicial supervision and supervision by the masses and public opinion in order to promote clean government. The Ministry of Supervision and the Auditing Administration have established offices with a total of 1,056 employees in more than 40 departments under the State Council. People's governments at various levels have set up crime reporting centers. They are practicing the system of open offices and are publicizing the results of government work in order to strengthen mass supervision. Media organizations, including radio and television stations, newspapers, and periodicals, will continually be encouraged to expose violations of law and discipline, as well as corruption, so as to intensify supervision by public opinion. In order to promote clean government, we will also step up efforts to investigate criminal cases, especially those involving embezzlement and bribery committed by government functionaries. 4) We will continue to crack down, according to the law, on all kinds of criminal offenders who have jeopardized public order. Comprehensive efforts will be made to preserve and strengthen public order, as the people have hoped. In this connection, I would like to emphasize that what we have achieved still lags far behind the hopes and demands of the people, so great efforts must be made in this regard.

[RENMIN RIBAO reporter] I am from RENMIN RIBAO. I would like to ask spokesman Comrade Yuan Mu a question: Premier Li Peng said at the Spring Festival gathering that China should strive to make substantial progress in curbing price rises, removing the anomaly of unfair social distribution, in combating corruption, and in solving other problems of universal concern of the people and cadres. Would you please elaborate concrete policy measures to be taken by the party Central Committee and the State Council to achieve substantial progress in solving these problems? Thank you.

[Yuan Mu] China's obvious inflation was caused primarily by the demand of society exceeding the supply, in addition to the economic structural dislocation as a result of the neglect of overall control. Therefore, in order to curb inflation, as I have just said, we will further curtail the demand of society for investment and consumption so as to fundamentally solve the inflation problem. We will take a series of measures to strengthen pricing supervision and prevent all kinds of wanton violations of the government regulations in various localities. In order to remove the anomaly of unfair social distribution, efforts will be made mainly in the following two areas: First, illegal business operations will be punished according to the law. This should be clear. Second, strict personal income tax will be levied on those whose high incomes have led to unfair income distribution of society. This year, we will gradually establish a personal income declaration system, to start with state organizations, large cities, and self-employed industrialists and businessmen. To calm the masses' anger about corruption among officials, the government will first

continue to mobilize and rely on the masses to report illegal activities of all kinds and will make vigorous efforts to investigate and punish corrupt officials. Second, we will reinforce the construction of the system, mainly, as I have just said, a system of open offices and of publicizing the results of government work in order to strengthen mass supervision. This system, which will be established gradually, can help us achieve substantial progress in solving the problems.

[Unidentified male reporter] In his speech at the Spring Festival gathering, Premier Li said that some mistakes were made in the economic work last year. Would you please tell us what these mistakes are and how they were made? Thank you.

[Yuan Mu] In my view, the mistakes in economic work reflect, in a concentrated form, our eagerness in our demands for economic and social development, or, as we usually say, a phenomenon of impatience for success. As a populous country, China's natural resources are comparatively limited, and its economic development is uneven. In trying to achieve our goal of economic development, however, we often divorce ourselves from these national conditions, putting too much stress on speed. As a result, we have not paid enough attention to preventing and remedying such problems existing in our economic development as unrealistic competition for speed, undue stress on production value and quantity, and aimless expansion of construction scale. Both Chinese and foreign economists view China's obvious inflation last year as the result of an overheated economy and soaring social demand in the previous years. Their view is closely related to the mistakes in our guidelines, as I have just said. The general direction of China's reform is correct, and it has proved quite successful on the whole. However, the complications of the reform were not taken into full consideration in the process of working out certain measures, and we often failed to take supporting measures for the reform. While stressing microflexibility, we neglected macrocontrol. We did not pay enough attention to setting up a system of overall regulation and control. This is another major reason for the confusion in our economic life.

[Video shows an unidentified male Caucasian reporter standing and holding a microphone; he is speaking, but only Mandarin translation by an unidentified female announcer is heard]

[Announcer] A considerable number of intellectuals and scientists have appealed to the government to release political prisoners this year. What is the government's stance on this issue?

[Yuan Mu] My answer to this question is: China punishes criminals according to the law. There are no political prisoners in China. Therefore, the question of releasing political prisoners does not exist. China has various regular channels for its citizens to convey their opinions and suggestions to the CPC, the State Council,

the NPC, and local people's governments, People's Congresses, and party organizations at different levels. We have always been in favor of such a practice, but we are not in favor of the practice of writing letters, spreading them at home and abroad, and exercising pressure on the government by resorting to foreign forces.

[Central Television Station reporter] I am from the Central Television Station. My question is: What measures will the State Council carry out for this year's price reform, and is it possible to ensure that this year's price rises will be considerably lower than those of last year? Thank you.

[Yuan Mu] As you know, obvious inflation emerged in China's economic life last year. In view of this reality, although the reform of the pricing system will continue to be carried out, the speed will be slowed in light of the measures which have been taken to check inflation. A quicker pace of the pricing reform will be detrimental to curbing inflation. Therefore, only the prices of a small number of commodities which need immediate change will be adjusted this year. To be brief, the pricing reform must be carried out under the premise of curbing inflation. It is possible, but rather difficult, to keep this year's prices rises considerably lower than those of last year. Judging from the situation in the first 2 months of this year, the rising trend of prices has slowed. Whether or not the goal to make price rises considerably lower than last year depends on the future development of the pricing situation. I would like to add: Although it will be rather difficult to keep price rises markedly lower than those of last year, all departments, including the State Council and local governments at different levels, are taking actions to strive to achieve this goal.

[Unidentified reporter] The current drive to improve the economic environment and rectify the economic order has stressed macroeconomic control and [words indistinct] government authority. Is there any contradiction between this stress and the call for decentralization and delegation of power to lower levels in the early stage of the reform? How is the stress different from the highly centralized economic model of the past?

[Yuan Mu] In my view, the aim of China's economic structural reform is to set up a new economic system suitable for and conducive to the needs of developing a socialist commodity economy. China's socialist commodity economy is a planned commodity economy based on public ownership. The economic operational mechanism required by the planned commodity economy should be one intrinsically and organically integrating planning with the market. It should be one that can guarantee vitality for all enterprises, i.e., the microeconomy, and at the same time help the state strengthen overall management and control of the economy, ensuring flexibility without confusion, or flexibility with order. As I have just said, in the early stage of the reform, we neglected macroeconomic management, regulation, and control while devoting a great deal of attention to

microeconomic flexibility. In stressing macroeconomic management and control in the current drive to improve the economic environment and rectify the economic order, we precisely want to rectify our defects in the early stage of reform. This is necessary, and is entirely different from returning to the highly centralized economic model with excessive and rigid control of the past. [video is abruptly cut off]

Minimal Criticism During NPC Meeting Urged
*HK1503031789 Hong Kong SOUTH CHINA
MORNING POST in English 15 Mar 89 p 11*

[By Willy Wo-lap Lam]

[Text] Days before the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC) are to be convened in Beijing, the nation's propaganda machinery is pulling out all stops in an effort to minimise criticism of official policies during the pivotal conclaves.

The second session of the seventh NPC, China's parliament, opens next Monday, while the second session of the seventh CPPCC, a consultative body, opens on Saturday.

The Propaganda Department of the Chinese Communist Party (CCP) has issued a circular to all national media asking them to exercise restraint in reporting the two meetings, say Chinese sources.

Quoting a recent speech by a senior CCP leader, the Propaganda Department asked the media "to devote the bulk of their reportage to matters relating to (the official task of) 'curing the economic environment and rectifying the economic order'."

In general, the nation's print and electronic media are asked to refrain from running stories that focus on maladministration and other aspects of "the dark side of society".

Citing the wide publicity the Chinese press had given to the criticism that some NPC and CPPCC members made at last year's sessions, the Propaganda Department has asked the media to concentrate on the "constructive" views given by deputies this year.

In a related development, Mr Yuan Mu, spokesman for the State Council, held a briefing for Chinese reporters last week.

At the session, which was attended by representatives of all major domestic media, Mr Yuan asked reporters not to ask embarrassing questions during upcoming press conferences.

Mr Yuan told the newsmen that a State Council leader was put off by how, during recent press conferences, domestic reporters had grilled senior officials over "negative" aspects of the economy.

"Questions asked by reporters during NPC and CPPCC-sponsored press conferences must be vetted beforehand by the chief editors of their respective news organisations," Mr Yuan said.

"If improper questions are asked by certain reporters, their units will be held responsible."

In yet another circular to the media, the Propaganda Department linked the crackdown on dissent before the NPC and CPPCC to the recent petition signed by 33 intellectuals for the early release of political prisoners.

The Chinese press is asked to impose a "news blackout" on the activities of the petitioners.

NPC and CPPCC deputies who are CCP members are under the most intense pressure to toe the official line, say sources.

In special meetings called early this week by party cells within the NPC and CPPCC, CCP-affiliated deputies were asked to "help guarantee that the wishes of the party are carried out" in the course of the two sessions.

Several intellectuals with a reputation for rightist views were called in by Central Committee ideologues for long lectures on the need to conform to the party's norms.

They included Mr Yu Guangyuan, a radical economist who used to advise party General Secretary Zhao Ziyang.

As a sign of protest, several leading non-CCP deputies to the NPC and the CPPCC are planning to boycott the sessions.

For example, Professor Qian Jiaqu, a CPPCC stalwart, has decided not to show up. Professor Qian, a veteran economist, delivered a speech at last year's CPPCC attacking official corruption.

Professor Qian's speech was interrupted more than 30 times by applause but he was disciplined later by party ideologues.

The nation's leading reporters have also decided to "boycott" the two sessions.

A clear signal of the political wind blowing out of Zhongnanhai is that the central authorities have moth-balled the ideal of "transparency."

"Transparency is to the Chinese what glasnost is to the Soviets," said a Western diplomat in the capital.

"The ideal of transparency reached its height during the NPC and CPPCC sessions in 1988, when newspapers vied with each other to report criticisms of the regime," he added. "But it proved too much for the authorities".

Democracy at NPC, CPPCC Meetings Viewed
OW1503043289 Hong Kong LIAOWANG OVERSEAS
EDITION No 10, in Chinese 6 Mar 89 p 1

[Letter from Beijing by Bao Xin, dated 26 February:
"Will There Be Any Progress in the Democratic Process
of the 'Two Meetings' This Year?"]

[Text] Dear Sir:

The annual sessions of the National People's Congress [NPC] and the Chinese People's Political Consultative Conference [CPPCC] National Committee will soon be held in Beijing again. The two meetings have always attracted the attention of people at home and abroad in previous years, and they are of course no exception this year. Recently some newspapers and journals abroad have made some speculations on the two meetings in light of certain events on the Chinese mainland. Some of them are placing hopes on the meetings, while others are trying to exert some influence. Then, how will the two meetings proceed this year? Let me give a brief account based on what I have learned.

First, the preparations for the "two meetings" are being made in an orderly manner. The Seventh NPC Standing Committee has successfully closed its sixth session and adopted the drafts of several legal documents to be submitted to the Second Session of the Seventh NPC for deliberation. Yesterday (25 February), the 16th plenary meeting of the Political Bureau of the CPC Central Committee discussed and adopted in principle the "Government Work Report (Draft for Discussion Use)" which will be delivered to the Second Session of the Seventh NPC by Premier Li Peng on behalf of the State Council. NPC deputies and members of the CPPCC National Committee have generally completed their inspection of various localities, and are preparing their proposals and suggestions. As last-minute preparations for the "two meetings," other important relevant meetings are being held and drafting and revision of some important documents are being stepped up.

Next, media in Beijing have begun to prepare their report plans and assigned "advance parties" to find out about important matters concerning the "two meetings," such as the main points of the "government work report" and government personnel changes. I have exchanged some information on these matters with fellow journalists. Since they are not strictly confidential, let me share some of them with you:

On economic issues, we have learned that the "Government Work Report" emphasizes the continuation of the principle laid down by the 3d Plenary Session of the 13th CPC Central Committee of putting the stress in

reform and construction on improving the economic environment and rectifying the economic order this year and next year. The two meetings this year will be different from those of last year. Last year's meetings elected a new leadership, and this year's meetings will be annual meetings after this leadership change. For this reason, there will be no major personnel changes this year.

Of course, people abroad are even more concerned about any major progress in democratization at the "two meetings" this year. Moreover, the 70th anniversary of the "May 4th Movement" happens to fall this year. The "May 4th Movement" held aloft the great banners of "democracy" and "science," and the Chinese people have been firm and determined in pursuing democracy and science and never slackened in this respect. The "two meetings" will be a yardstick of China's democratization process. No wonder that people are paying special attention to the "two meetings" with respect to this process this year.

To my knowledge, the "two meetings" this year will reflect a steady advance in democratization. For instance, the "Rules of Procedure of the NPC" to be discussed at the forthcoming NPC session are designed to facilitate the exercise of functions and powers by the NPC according to democratic legal procedures. The formulation and discussion of this important legal document precisely shows further progress in promoting socialist democracy and the legal system. In news reports, the "two meetings" will display the spirit of reform and opening to the outside world, continue some of the effective practices of last year's meetings, give full play to the enthusiasm and initiative of the media, enhance openness in news reporting, and enable people at home and abroad to know about the true situation at the meetings.

It goes without saying that democratization should proceed according to China's national conditions. Politics, like economy, cannot achieve a "great leap forward" overnight. Since the second half of last year, China's economists, facing another economic readjustment, have learned a great deal about true economics, that is, that economic development can proceed only step-by-step. Isn't that also true about political democratization? In present day China, we should, on the basis of the four cardinal principles, continue to advance under the major principles of socialist democracy, continue to develop and improve the People's Congress system and the political consultation system, continue to develop and improve the multiparty cooperative system under the leadership of the CPC, and continue to develop and improve all effective systems that ensure a democratic and scientific policymaking process.

In my opinion, so long as the people throughout our country work hard with one heart and one mind to ensure long-term political order and stability and steady economic development, China will be full of promise.

Improved People's Congresses' Role Urged
HK1503083189 Beijing RENMIN RIBAO in Chinese
10 Mar 89 p 5

[Article by RENMIN RIBAO reporter Mao Lei (3029 4320): "The Supervisory Function of People's Congresses Urgently Needs to Be Improved"]

[Text] The functions of the People's Congresses can be summarized into two large categories—legislation and supervision. If People's Congresses are only responsible for legislation and do not supervise the enforcement of the law, then they can be regarded as neglecting their duties.

Supervision—An Arduous Task

In our country, democracy and the legal system have not yet been perfected, and the quality of law enforcement personnel and of judicial work is not high enough. Therefore, as the highest power organs of the state and the localities, the People's Congresses are facing a rather arduous task. The PRC Constitution stipulates: "All administrative, judicial, and procuratorial organs of the state are created by the People's Congresses to which they are responsible and under whose supervision they operate" (Article 3 of the PRC Constitution).

The Standing Committee of the Dandong City People's Congress, Liaoning Province, recently made a survey of the handling of criminal cases and examined 709 cases handled by the public security organs, the procuratorates, and the courts. It discovered that 96 of these cases were not handled properly and 32 cases were handled improperly to a serious degree.

The Standing Committee of the Zhejiang Provincial People's Congress received 421 complaint letters from the masses in 1987 and 1988. The letters exposed and complained of the illegal actions of the public security and judicial personnel who took innocent people into custody and extorted a confession by torture. The fact that some law enforcement and judicial personnel do not act according to the law, do not strictly enforce the law, and do not apply sanctions against those who violate the law has become a major obstacle to the development of democracy and the perfection of the legal system at present.

The PRC Constitution and the Local Organic Law stipulate that the People's Congresses, as the power organs of the state, should exercise legal and work supervision over the people's governments, courts, and procuratorates at the same level, thus forming a check-and-balance mechanism of the state. This is an important part of our democratic politics and an important means for promoting socialist democracy and perfecting the legal system.

Through the supervision exercised by the People's Congresses over the judicial organs, the power organ of the state will be able to supervise the effective and legal exercise of the state's judicial power. This will ensure

that the law enforcement and judicial organs can legally and effectively exercise their powers in investigation, prosecution, hearings, adjudication, and law enforcement as prescribed by the Constitution and other laws, and will prevent the abuse of these powers, the violation of citizens' rights, and dereliction of duty.

Supervision—Actual Work Should Be Done

According to statistics, in the 8 years since its founding, the Standing Committee of the Tianjin Municipal People's Congress has received 17,000 letters of complaint from the masses and has received 16,700 visitors who came to lodge their complaints. About 57 percent of these complaints were related to the work of the judicial organs and law enforcement personnel.

However, the masses' complaints in some localities were ignored, and the units concerned passed the complaints from one to another and did not handle the cases.

It was discovered that some local People's Congresses did work in a down-to-earth manner and redressed wrongs. On 28 November 1988, the high-level People's Court of Shanxi Province reversed the verdict on the case of Wu Zhaoxiang, who was sentenced to 10 years' imprisonment, and acquitted him on all charges. Wu, a secondary school teacher in Puxian County, Shanxi Province, was taken into custody 20 years ago amid the turmoil of the "Cultural Revolution" and was later accused of raping four girls and committing sodomy on five boys in his school. He was sentenced to 10 years' imprisonment on these charges.

In April 1986, during the fourth session of the Shanxi Provincial People's Congress, Wu Zhaoxiang lodged his complaint to the complaint handling group of the congress. The court maintained the original verdict after reexamining his case. Wu continued to lodge appeals and complaints. In January 1988, the provincial People's Congress sent its staff to hear the case reexamination reports by the courts at the county, prefectural, and provincial levels. The middle-level court of Linfen said: "This case has been reexamined six times, and the verdict should be maintained because there was conclusive evidence and the sentence passed on the accused was the correct one." Jia Shenggui, chief of the complaint handling office of the Provincial People's Congress, then suggested that the original records of this case be reexamined. It was found that the records only included one piece of evidence which cannot be used to convict the accused of a crime. It was then immediately decided that this case be directly reexamined by the province's high court. As a result, the provincial court finally decided that the original verdict, which found Wu Zhaoxiang guilty of raping girl students and committing sodomy on boy students, was not supported by adequate evidence, so the verdict should be revoked and the accused found not guilty.

The people's deputies can inspect and examine the condition of law enforcement or conduct other forms of supervision, and they can criticize the work of the law enforcement organs or put forward proposals. However, the key lies in the attitude of the judicial organs toward such supervision. If they still ignore criticism, supervision will be merely a form without actual results.

Supervision—Appealing to the Laws

Some people describe the supervision exercised by People's Congresses as "elastic supervision" or "soft supervision." They mean that People's Congresses can only listen to reports, put forward proposals, or issue some calls, and have no real power for solving problems. Such supervision will not form a binding force.

If when a controversial case was handled improperly but the court did not agree with the People's Congress, and the law did not provide any stipulation for settling such problems, the final decision would depend on the result of consultations between the supervisor and the supervised. In reality, only when the supervised is willing to accept the opinion of the supervisor can supervision come into force and become valid. For example, when dealing with an appeal, the case can be easily solved if the people's court and the People's Procuratorate agree with the opinion of the People's Congress; but if the two sides do not agree with each other, the appeal will just be cast aside.

People of insight have pointed out that the Standing Committee of the National People's Congress [NPC] should formulate a supervisory law to specify the scope, contents, and procedures of supervision as soon as possible to improve the supervisory system and unify the performance of the supervisory function.

It was learned that the People's Congresses in some urban districts and rural counties made a decision: "When the court holds a court president work meeting or a meeting of the hearing committee to study major cases, the court should notify the People's Congress Standing Committee of this so that the latter can send its staff to attend the meeting." However, the municipal court submitted an official report to the municipal People's Congress Standing Committee, airing its disagreement and pointing out that this decision was groundless in terms of law.

In some localities, a resolution adopted by the People's Congress can be flatly revoked or changed by the party committee. Provincial governors, mayors, and county magistrates can be deputy secretaries of the party committees at the same level, but most chairmen of the People's Congress Standing Committee are not members of the party Standing Committee. If the People's Congress tries to supervise the government, it will sometimes supervise the party committee. So the relationships between the party committee, the People's Congress, and

the government constitute a question that we will inevitably encounter and must solve if we want the People's Congress to play a supervisory role.

Some people said that when supervising the work of the procuratorates and the courts, the People's Congresses should exercise supervision in general terms, and should not care about the handling of specific cases, still less reexamine the records of the hearing. Otherwise, the People's Congresses will interfere in judicial independence and become the "tertiary court." Indeed, People's Congresses in various localities fear that if they do not exercise sufficient supervision, they may be regarded as neglecting their duty; but if they exercise too much supervision, they may be regarded as exceeding their authority. Therefore, it is necessary to draft a "supervision law."

It is gratifying that many local People's Congresses have made great efforts in recent years to explore some effective ways to exercise legal supervision over the law enforcement organs. In Tianjin, Guangdong, Jilin, Shanxi, and Taiyuan, the provincial and city People's Congresses have formulated regulations on the exercise of legal supervision, and have provided some useful experience for the formulation of the supervision law by the Standing Committee of the NPC.

CPPCC National Committee Agenda Approved *OW1503021389 Beijing XINHUA in English* 1558 GMT 14 Mar 89

[Text] Beijing, March 14 (XINHUA)—The agenda for the Second Session of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC) was approved at the fifth meeting of the Standing Committee of the CPPCC Seventh National Committee which closed here today.

On the agenda are a work report of the Standing Committee of the CPPCC National Committee, and another report by the Proposals Committee of the CPPCC National Committee, attending the Second Session of the Seventh National People's Congress due to open later this month and selecting members for the Standing Committee of the CPPCC National Committee.

The meeting adopted the work report of the Standing Committee and recommended Qian Weichang, vice chairman of the CPPCC National Committee, to deliver the report to the annual CPPCC session due to open on March 19.

Thirty well-known persons from various walks of life were selected for membership of the CPPCC National Committee at today's meeting.

The meeting also adopted a report from the proposals committee on the handling of proposals made since the First Session of the Seventh National Committee of the CPPCC.

Those attending the 3-day meeting also discussed the draft work report of the State Council to be delivered by Premier Li Peng at the Second Session of the Seventh National People's Congress.

Today's meeting was presided over by Wang Renzhong, vice chairman of the CPPCC National Committee, and Li Xiannian, chairman of the CPPCC National Committee, attended.

30 New Members Added

OW1503002289 Beijing XINHUA in English
1102 GMT 14 Mar 89

[Text] Beijing, March 14 (XINHUA)—Thirty notables from various walks of life have been added to the National Committee of the Chinese People's Political Consultative Conference (CPPCC).

Of the 2,083 members of the Seventh CPPCC National Committee, 36 had died by March 5, including former Vice-Chairmen Qian Changzhao and Miao Yuntai.

Of the 30 new members, 10 are Communist Party members and 20 non-Communist Party members. Among the 30, there are scholars, government officials and Army officers. Two of them are businessmen from Hong Kong.

Other members come from religious circles or have no party affiliation. One of them, Ding Guangxun, is president of the China Christian Council.

Further Reportage on Tibetan Situation

'Negotiation' Obstacles Outlined

OW1303191689 Beijing BEIJING REVIEW in English
13-19 Mar 89 pp 24-26

[Article by Hua Zi: "On Negotiations With the Dalai Lama"]

[Text] More than eight months have passed since the Dalai Lama brought forth his "new proposal" in Strasbourg, France, which he considered to be the basis for negotiations with the central government. Responses have been made from both sides towards these proposals.

The central government has made it clear that, first, it is willing and ready to talk with the Dalai Lama, and that it will never receive any delegation or visiting group sent by the "Kasha government" since the central government has never recognized such a government-in-exile. Second, the Dalai Lama's "new proposal" cannot be regarded as the basis for negotiations since it has not relinquished the idea of "independence of Tibet." Third, the central government is ready to negotiate with the Dalai Lama in person either in Beijing, Hong Kong or a

Chinese diplomatic compound in any place in the world. If the Dalai Lama still feels uneasy in any of these places, he is free to choose another location, as long as no foreigners are present.

The Dalai Lama hastily published the name list of the negotiation group, although he has been unable to recruit unanimous support from his followers for the "new proposal." Once the central government gave him the choice of venue and time for the negotiations, he announced that the negotiations would be held in Geneva in January 1989. However, the central government, the second party to the negotiations, was not informed of the decision until after the announcement was made.

Moreover, the Dalai Lama delivered two speeches to the world between September 1987 and June 1988. This he did despite the fact that Tibet is a domestic issue and that the central government had maintained contact with the Dalai Lama since 1979. Naturally, the Dalai Lama's propaganda efforts in the world scene have given rise to suspicions of his honesty in negotiating with the central government.

Observers here think that there are two purposes for the Dalai Lama's negotiation proposals, which were brought forth thirty years after he fled the country. One, politically he has not gained anything to be proud of in the last three decades. And two, it has become a trend in the world to peacefully solve both international and domestic disputes. It is a wise choice for the Dalai Lama to follow suit.

Part of the consideration of the central government to negotiate with the Dalai Lama is the religious feeling of the Dalai Lama's believers in Tibet. The policy of the freedom of religion has been reintroduced gradually since 1979. The central government has openly expressed its welcome for the return of the Dalai Lama for the sake of the unification of the motherland, national unity and socialist construction. When the Dalai Lama expressed his willingness to negotiate, the central government responded not only with a welcome but also offered him the privilege of choosing the time and location for the negotiations, thus showing the good will of the central government.

However, as many observers see it, there still is a gap to cover between the Dalai Lama and the central government before the negotiations, which are sure to take place someday, can begin. Both parties have not agreed on the substantial issue of the basis for the negotiations in the first place. The Dalai Lama insisted on basing the negotiations on his "new proposal," whereas the central government is against it. The stand of the latter is that anything is negotiable except the independence of Tibet. Although the Dalai Lama did not use such a phrase as "independence of Tibet" in his proposal, he emphasized that Tibet had been an independent country which was later "invaded" by China. He said that Tibetans have the right to resistance and "national

self-determination" and that Tibet should be restored as an "independent country." It has been a hard fact that ever since the Yuan Dynasty exercised its sovereignty over Tibet in the mid-13th century, it has always been a part of China, even during the Qing Dynasty (1644-1911) and the rule of the Kuomintang. So there is no concession to be made by the central government as regards China's sovereignty over Tibet.

Another obstacle to the negotiations is the interference of foreigners. This is, indeed, an issue of concern. Imperialists have had their eyes on Tibet for over a century. They even fostered a handful of pro-imperialists among the reactionary Tibetan upper class after their armed occupation of Tibet. And this kind of interference and instigation has never stopped even after the founding of the People's Republic of China.

For honest negotiations, a favourable atmosphere should be created and maintained. However, a number of riots were initiated by a few separatists in Lhasa, the local capital in Tibet. According to some of the participants of these riots, they were instigated by the Tibetan separatists in exile. Although the Dalai Lama has denied any connection with these incidents, the Tibetan Youth Congress in exile has never denied their involvement. Hence the Dalai Lama's honesty towards the negotiations is difficult to trust. He will have to be responsible for the results if the current situation is unchecked.

More efforts will have to be made before both parties can finally sit down at the negotiation table.

Growing Tibetan Militancy Faced

BK1403074089 Hong Kong AFP in English
0722 GMT 14 Mar 89

[By M.R. Narayanaswamy]

[Text] Dharamsala, India, March 14 (AFP)—Increasing militancy among Tibetan exiles here is slowly sweeping aside the Dalai Lama's dreams of overcoming Chinese communism through Buddhist non-violence.

A large number of Tibetans, especially the young, seem to be toying with the idea of taking up arms although they remain faithful to their spiritual and temporal leader, who abhors violence. But advocates of armed struggle concede that fighting the powerful Chinese Army would not be easy.

The Dalai Lama, 53, voiced fears about growing militancy in the ranks of his younger compatriots during an interview Sunday at the seat of his government-in-exile in this picturesque northern Indian hill town. He told AGENCE FRANCE-PRESSE that there was a "lot of disappointment" both within and outside Tibet over his readiness to talk peace with China and drop hopes for total independence of the mountainous country. The

Dalai Lama said increasing numbers of Tibetans were advocating violence against the Chinese, adding that a Tibetan armed struggle would be suicidal.

The Dalai Lama's insistence on non-violence has always met with criticism, but it is now more pronounced than ever. "There are many people, myself included, who feel taking up arms is the only way," said Lobsang Tenzing, 57, a Tibetan who says he fought Chinese forces in 1958 before fleeing Tibet with the Dalai Lama the following year after a bloody anti-Chinese uprising failed. But like many others, he said fighting the Chinese would be nearly impossible without outside help at a time when India—host to 100,000 Tibetan exiles—is improving its relations with China.

Tibetan exiles in India say the growing Indo-Chinese friendship is at the expense of the Tibetan people, and have asked New Delhi to intervene in the Tibetan conflict.

The main opposition to the Dalai Lama's 1988 proposals to co-exist with China by allowing Beijing to control Tibet's defence and foreign affairs while giving it autonomy in other areas has come from the Tibetan Youth Congress (TYC). The TYC, which claims a membership of 10,000, has stated repeatedly that it would accept nothing short of a free Tibet—which in effect is a slap to the Dalai Lama's diplomatic efforts, observers say. TYC Finance Secretary Lodde Sangpo said the Dalai Lama's proposed talks with Beijing in Geneva were not acceptable to his organisation. "The general opinion is the talks will not lead to anything," he told AFP.

"Of course, we have to fight," added Dawa Tsering, 35, a Tibetan social worker who has been living in Dharamsala since 1963.

A spokeswoman for the regional Tibetan women's association said that most young Tibetan women agreed with their male counterparts.

The Dalai Lama said Monday that "Chinese quarters" had informed him of attempts to smuggle arms from India to Tibet, adding that his government-in-exile had in the past received several requests for arms and training from people in Tibet.

Mr Sangpo said he knew about "seven or eight underground movements" in Tibet which were reportedly involved in armed struggle against Beijing.

Losang Chogyen, a monk, said the young favoured militancy because they felt it would draw more attention to their cause—as it has for Palestinians. Another monk said he feared the Tibetan struggle might take a militant turn if the present moderate leadership failed to resolve the conflict. Hundreds of Tibetans serve or have served in the Indian Army's Special Frontier Force and thus have received detailed training in the use of weapons.

The Dalai Lama warned in his interview that he would withdraw from the Tibetan campaign "if the militant side becomes more influential and go out of my control and won't listen to my ideas."

Dhonyo Tenzing, president of the regional TYC, denied that Tibetan youth, almost all of whom were born in India, refused to compromise with China because of vested interests. In Dharamsala, many Tibetan families run stores and other businesses and, as they themselves say, have nothing to fear in India, least of all the Chinese. "Some Tibetans are rich, and they might like to stay here (in India)," Dhonyo Tenzing said. "But if Tibet gets its freedom (from Chinese rule), 90 percent of us would go back," he said.

The only members of Dharamsala's 6,000-strong Tibetan community who are resolutely opposed to the use of force are the large number of Buddhist monks of all age groups. "It is against our religion to take to arms," said Tenzing Nima, a 13-year-old Buddhist monk who came here with his parents from Tibet's capital Lhasa in 1985 and has refused to return. "One day they (Chinese) have to give us independence because truth will prevail," he added.

'Magic Weapon' for Stabilization

HK1503012189 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 14 Mar 89

["Summary" of XIZANG RIBAO commentator's article: "The Magic Weapon for Stabilizing the Situation"—date not given]

[Text] The article says: Uniting the forces of all sectors, especially the upper and middle-strata ethnic and religious figures, together with figures of other sectors, and forming a broad patriotic united front constitutes an extremely important magic weapon for us in leading the people of all nationalities in Tibet to persistently uphold ethnic solidarity and the motherland's unity and oppose separatism and retrogression. At present, we particularly need to strengthen and give scope to the power of this magic weapon.

The article says: The upper- and middle-strata ethnic and religious figures in Tibet, together with patriotic figures of all other sectors, have a glorious history and tradition of cooperation with us over a long period of time. In the long and arduous historical period of pacifying the rebellion, bringing about democratic reforms, and building a new socialist Tibet, they have worked together with the party as being in the same boat, and have demonstrated staunch and lofty patriotic spirit in upholding ethnic solidarity and the motherland's unity. They are loyal friends trusted by the party. Stabilizing the situation in Tibet could not be accomplished without their staunch solidarity and cooperation.

In the struggle to stabilize the situation, we must resolutely implement the policies on nationality and religion, and get a good grasp of resolving leftover problems in policy implementation. This is an effective guarantee for promoting united front work and stabilizing the situation.

The article in conclusion sincerely hopes that the upper and middle-strata ethnic and religious figures and the figures of all sectors will closely link hands with the party and make more contributions to upholding ethnic solidarity and the motherland's unity and stabilizing the situation in Tibet.

Peace 'Gradually Returns'

HK1503063189 Beijing ZHONGGUO XINWEN
SHE in Chinese 1424 GMT 14 Mar 89

[Report by ZHONGGUO XINWEN SHE reporters Zhang Ping (1728 1627) and Li Ling (2621 3781): "Tranquility Gradually Returns to Lhasa"—ZHONGGUO XINWEN SHE headline]

[Text] Lhasa 14 Mar (ZHONGGUO XINWEN SHE)—The 3-day-long riots in Lhasa subsided at 0000 on 8 March.

In the streets, pedestrians produce their certificates of their own accord for examination by soldiers guarding every crossing. Most people look composed rather than frightened as they have done during the last few days. A retired worker of Tibetan nationality said as his certificate was examined: "We felt a little anxious at first and did not go out lightly after martial law was imposed. Now we feel secure and are no longer worried as we have been in the past few days. We feel it is only a little troublesome to have to take certificates along with us." A young woman carrying a string bag of vegetables said: "During the 3 days of rioting I was stoned even when I was delivering a meal to my child who was hospitalized. How could I go to the market to buy food or go to work? It is all right now. It is secure. It should have been like this long ago."

Soldiers who stand guard at the more than 60 crossings in Lhasa City say "thank you" to every examinee when they finish checking their certificates. They stand fast at their posts braving the windy and dusty weather and the severe cold. The citizens, deeply touched, vie with one another to bring fragrant tea, syrup, blankets, mattresses, clothing, and other articles to the soldiers on duty. Some people even gave up their premises so that the soldiers could warm themselves up in turn at night. An old woman of Tibetan nationality who sent a full kettle of buttered tea to the soldiers said: "My son was beaten up during the riots and my shop was smashed and set on fire. But for these soldiers I really do not know how things would have ended." On the public square in front of Jokhang Monastery, when a team of soldiers ran short of bowls when their meal was ready, a girl of Tibetan nationality brought them a basket of bowls and left immediately without mentioning her name. Fifty-three

staff members of Han and Tibetan nationality from a company in the area just outside Lhasa City gate contributed money in turn to buy the soldiers many gifts.

Three days after the curfew was imposed the government sent 260 staff members to clear up the mess on the streets where the troublemakers had created a disturbance. The streets, where a scene of devastation once met the eyes, are now tidy and clean again.

On the 4th day classes, which had been suspended because of attacks by troublemakers, were resumed in the six primary schools including Jiri Primary School located in the area just outside the city gate. But there is a greater number of guardians who take their children to school and meet them when classes are over than before the riots.

Shops whose doors had been closed tight have successfully carried on business and there is an increasingly greater number of hawkers and peddlers along the roads. To alleviate the strain on commodities following the riot, the government, using military trucks, has delivered many commodities, including butter, vegetables, meat, and so on, to the market so that the citizens can get what they want.

The square in front of the Jokhang Monastery has come to life again after being deserted for a few days. A number of devout men and women prostrate themselves and put their palms together in worship, and disciples say their prayers in Bajiao Street, shaking their prayer wheels.

Today, peace, life, and stability have gradually returned to this old city which has survived many difficult times.

Authorities Break Up Magazine Launching Ceremony
HK1503030989 Hong Kong SOUTH CHINA
MORNING POST in English 15 Mar 89 pp 1, 12

[From Willy Wo-lap Lam in Beijing]

[Text] Public security officers in Beijing yesterday broke up what was to have been the launching ceremony for THE THINKERS, a new Shanghai-based non-official magazine run by some of the nation's avant-garde intellectuals.

Published by Shanghai's Huadong Chemical Engineering Academy Press, THE THINKERS was to have been launched at 2 pm yesterday at the Qian Men Hotel in central Beijing.

According to Chinese sources, moments before the event was to start, the organizers received word from law-and-order officials that they could not hold such a "public assembly" without prior permission from the police.

More than 40 guests, including such luminaries among democratic intellectuals as Mr Su Shaozhi, Mr Wang Ruoshui, Mr Yan Jiaqi and Mr Yu Haochen, were in the hotel waiting for the ceremony to start.

Mr Su is the former head of the Institute of Marxism-Leninism of the Chinese Academy of Social Sciences, Mr Wang is a former editor of the PEOPLE'S DAILY, Mr Yan is a senior research fellow at the Institute of Political Science of the Social Sciences Academy, and Mr Yu is a noted legal scholar.

All four have been criticised by party ideologues for their radical views on democratisation.

They were to have given short addresses on the significance of the new journal and the new "thought liberation movement."

Analysts have little doubt that the action taken by the police was in keeping with recent attempts to crack down on dissent.

THE THINKERS is yet another one of those avant-garde magazines intellectuals have recently launched to challenge what they perceive to be the party's monopoly on culture and the arts.

Among the journal's editors are Mr Chen Kuide and Mr Wang Yan, both well known names in Chinese intellectual circles.

Mr Chen is a researcher and lecturer in culture at Shanghai's Huadong Normal University and Mr Wang is a researcher with the Institute of Political Sciences.

In the magazine's first issue last week, a commentary dedicated THE THINKERS to "explorations without fear across centuries."

Moreover, the journal said it hoped to enshrine the ideals of "intellectual freedom and academic independence," committing it to inheriting the spirit of the May Fourth Movement of 1919—particularly the search for Mr Democracy and Mr Science.

Among those who wrote for the inaugural issue were Mr Liu Zaifu and Mr Liu Xiaobo, both of whom are radical literary theorists.

Famous overseas intellectuals like the American-based professors Mr Lin Yusheng and Mr Tsuo Teng also contributed articles to the first issue.

Analysts drew a parallel between yesterday's ill-fated inaugural ceremony and the launching party thrown by the editors of NEW ENLIGHTENMENT—another Shanghai-based radical private magazine—in Beijing just before the Lunar New Year.

During that function held at the De Lu Bookstore, a privately-run concern, radical intellectuals, including astrophysicist Professor Fang Lizhi, Mr Su Shaozhi and Mr Yu Haocheng, gave speeches on the need to promote intellectual freedom.

"That party endangered ideologues in the party," said a cultural source in the capital. "They compared the function at De Lu to a 'rebellion session'."

De Lu Bookshop was closed by public security personnel last month.

Intellectuals Criticize Wang Li Article

HK1403131889 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1022 GMT 14 Mar 89

["Mainland Intellectuals Raise Strong Criticisms of 'Wang Li Answers Guest's Questions'"—ZHONGGUO TONGXUN SHE headline]

[Text] Beijing, 14 Mar (ZHONGGUO TONGXUN SHE)—Following the publication of the interview conducted and written by writer Ye Yonglie "Wang Li Answers Guest's Questions From His Sick Bed" in newspapers in Shanghai and Hong Kong, there was strong criticism in mainland intellectual circles. Sharp criticism was raised by some famous scholars and writers. Officials also held a negative attitude toward this article.

Famous historian Yu Guangyuan pointed out in an article in JINGJIXUE ZHOUBAO that Wang Li was a key figure in the "Cultural Revolution" and that evaluation and clarification of his acts and his person should not be based on his own words. SHEHUI KEXUE BAO [SOCIAL SCIENCE GAZETTE] published a talk by Wang Yuanhua which called on the authorities to "open" historical studies on the "Cultural Revolution." It also criticized some people for being too eager to cover the sins committed by "celebrities" during the Cultural Revolution. RENMIN RIBAO carried an article written by Mu Hui which stated that everyone is equal before the truth. Mu Hui said the article about Wang Li had not been interfered with. Is it a sign that the Cultural Revolution is no longer taboo for study? If "big shots" in the Cultural Revolution like Wang Li are allowed to talk about it, then others—since they possess as many civil rights—should have the right to talk about the Cultural Revolution.

According to well informed sources, mainland officials do not approve of the interview either. Not long ago, concerned departments informed various localities not to reprint the article "Wang Li Answers Guest's Questions From His Sick Bed," nor will it be published in book form. A person in the upper-strata stated that the history of the Cultural Revolution can be studied, though its definitive version cannot be based on one's own story. This person also denied that the talk by Wang Li had been approved by Deng Xiaoping.

Editorial Views Intellectual's Role in Society

HK1503013889 Beijing CHINA DAILY in English
15 Mar 89 p 4

[From the "Opinion" column: "Intellectuals—A Separate Social Class"]

[Text] Some years ago, Chinese intellectuals applauded the official statement that they were part of the working class.

But now, a feeling has emerged that the statement is not accurate.

A scholar, He Tao, writing in the Shanghai-based SOCIAL SCIENCES GAZETTE claims intellectuals constitute an independent social stratum.

In the Chinese context, the argument for an independent social stratum instead of "part of the working class" is by no means a war of words.

Historically, intellectuals labelled "bourgeois" improved their social status as part of the working class.

The late Mao Zedong's famous analogy compared the relationship between Chinese intellectuals and the working class to that between hair and skin.

As Mao saw it, intellectuals who had received education before liberation (1949) attached themselves to the old "skin" of the system of private ownership. With socialist transformation of the means of production, the old "skin" was gone and intellectuals had to attach themselves to a new "skin" of public ownership—the proletariat.

Principle Role

The process of attachment proved to be quite difficult. To become "proletarian intellectuals" they had first to be re-educated by the workers and peasants.

Mao once said: Intellectuals are fed by workers and peasants and engaged by them to teach their children. But if you do not listen to your masters, you will be fired.

He Tao claims the idea of intellectuals as part of the working class represented a step forward in putting an end to the long-term discrimination against them. But he says the idea does not conform to today's development of modern Chinese society.

According to He, workers, farmers and intellectuals are all participating in socialist construction as masters of society. He says there is no question of who should be attached to whom; that all groups are equal in social position.

What is more, because of the complexity of mental work and the distinctive characteristics of intellectuals, He Tao maintains that they must not be confused with any other social group.

In his view, the part-of-the-working-class claim neglects the principal role and uniqueness of intellectuals and is still based on Mao's "hair and skin" theory where intellectuals are the object of transformation and re-education by the less-educated manual workers.

Eventual Merge

He reminds his readers that with the development of science and technology, the working class in the traditional sense of the term is decreasing in size and will eventually become part of the intellectual class itself.

If the industrial revolution several hundred years ago created the working class, then the contemporary revolution is about to turn intellectuals into a great force of modern society, making them an independent social class, says he.

Such views are likely to become popular in academic circles, but it is too early to say whether they will be officially accepted.

The Constitution states that the People's Republic of China is a socialist country based on an alliance of workers and peasants led by the working class.

The Communist Party Constitution claims the party is the vanguard of the working class.

Will the two constitutions be revised?

Political Prisoner Campaign To Continue

HK1503031389 Hong Kong HONGKONG STANDARD
in English 15 Mar 89 p 1

[By Yau Shing-mu of the China desk]

[Excerpt] Beijing: The Chinese Government is "not happy" with dissidents who make international appeals for China to release political prisoners, the government's chief spokesman said yesterday.

State Council spokesman Yuan Mu told a press conference that China's constitution guaranteed freedom of speech, "but no one is allowed to infringe upon the interests of the state, society and other citizens."

Asked about recent signature campaigns by Chinese intellectuals calling for democratic reforms and the release of political prisoners, Mr Yuan said: "We are not happy with this situation."

He said some critics of the government, whom he did not name, were denying the basic tenets of Marxism and rule of the Communist Party, and were "relying on foreign forces" to spread their message.

"This is something we are not in favour of," he said. "China has no intention to import from Western political systems things which are not in keeping with reality in China." Mr Yuan also denied that China had any political prisoners.

Despite Mr Yuan's hard-hitting statement, the key promoter of a signature campaign for the release of political prisoners, Mr Chen Jun, said later he was prepared to go ahead with his amnesty movement.

He rejected Mr Yuan's accusation that the campaigns were using foreign forces to pressurise the government.

Mr Chen and his British wife, Jennifer, were busy yesterday preparing files on the six alleged political prisoners for the information of National People's Congress [NPC] deputies, due to start a new session on Sunday.

But Mr Chen said he was not optimistic that the matter would be raised at the meeting.

"There is tremendous pressure on the signatories," he said.

The campaigners are working for the release of Wei Jiangsheng, Wang Xijie, He Qiu, Xu Wenli, Yang Jing and Liu Qing.

Mr Chen said at present there were only three persons actually working on the signature working on the signature campaign—he, his wife and Mr Lu Lin, a political prisoner released last year.

So far 152 signatures have been solicited on the mainland, 800 from Hong Kong, 2,000 from the United States and an unspecified number from Taiwan.

Mr Chen said he would ask any members of the NPC and the Chinese People's Political Consultative Conference who signed to circulate back-ground material about the six to other members. [passage omitted]

'New Authority' Called 'Indispensable'

HK1503010389 Beijing RENMIN RIBAO in Chinese
10 Mar 89 p 5

[Article by Liu Donghua (0491 2639 5478): "'New Authority' Is Indispensable"]

[Text] What is "new authority"? In my view, "new authority" is the authority of leaders who shoulder the heavy historical mission in the years of reform when the new building is to be erected. It is absolutely not the authority in an autocratic polity. The "new authority" can only be held by "that person" who is selected by the hard times according to his great talent, bold vision, and unparalleled wisdom. However, the old authority in an autocratic polity could be held even by a scarecrow and people would blindly give authority to any person who grasped power. Russia's Emperor Peter, Japan's Emperor Mutsuhito, and China's Sun Yat-sen belonged to the first category, although they were different. During China's feudal times, there were hundreds of fatuous and self-indulgent rulers, and they belonged to the second

category. The mission of the "new authority" is to terminate an old era and open a new era and to regenerate a nation and promote it to the new stage in human civilization.

The Tang Emperor, the Song Emperor, and the Kanxi Emperor did bring about times of prosperity, but even these enlightened emperors of feudal times only served the purpose of consolidating the autocratic policy and strengthening their rule based on power centralization. They only sustained feudal rule for thousands of years and did not make any qualitative breakthrough. On the contrary, the "enlightened autocracy" based on "neo-authoritarianism" will force ahead the reforms in some ironhanded means and eventually discard the autocratic polity and bid farewell to authoritarian politics through a high degree of power concentration, thus realizing economic development and political prosperity.

When "neo-authoritarianism" is mentioned, some people are apt to set it against democratic politics and regard the two things as incompatible. In fact, the new authoritarian should be awakened from the illusion of democracy and be able to find a realistic path leading to democratic politics. In the past 100 years, a large number of people with lofty ideals went through all kinds of hardships in order to strive for the objective of freedom and democracy. Reform and opening up in the past 10 years have made more and more people realize that although the democratic process and the building of the legal system have made certain progress, many difficulties still exist as the old and the new systems still exist side by side. Now, almost all people from top to bottom are calling for advancing democratic politics and strengthening opinion supervision. However, who will put this into practice? Who has the ability to put this into practice? Who will be able to check party and government cadres who indulge themselves in malpractice? Maybe, this must rely on the function of law and the supervision of the masses, and can only rely on the authority formed by the leadership of the Communist Party and the collective wisdom of this leadership. The stingy old man of history will not create such a "new authority" who can grasp this opportunity before sufficient costs are paid to history. Therefore, if we liken the "neo-authoritarian politics" to a bridge, then this will be a bridge that the Chinese nation cannot evade and must cross.

It is not easy to cross this bridge, but once we smoothly cross this bridge, then this bridge will fulfill its historical mission and its existence will no longer be necessary. Then, people will not need to be worried about such a "new authority," and history will also prove that "neo-authoritarian politics" comes into line with the logic of historical development.

CPC Central Committee Promotes Literature, Art
HK1203013089 Beijing RENMIN RIBAO in Chinese
11 Mar 89 pp 1, 4

["Several Views of the CPC Central Committee on Further Promoting Literature and Art (17 February 1989)"]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, a flourishing new situation has emerged in the cause of literature and art of our country.

With the vigorous development of the socialist modernization drive and the continuous deepening of reform and opening up, the cause of literature and art is faced with a new situation and new tasks. Seriously implementing the party's basic line in the initial stage of socialism, summing up the historical experience, particularly the experience in the 10 years of the new period, improving and strengthening the party's leadership over the cause of literature and art, and upholding the guideline and policies of the long-term steady development of the cause of literature and art are of great significance in consolidating and developing the political situation of stability, unity, democracy, and harmony, promoting the building of the socialist material and spiritual civilization, and bringing about further development of socialist literature and art.

I. Correctly Assess the Current Situation of Literature and Art

(1) In the past 10 years, historic major changes have taken place in the cause of literature and art in our country. The chief signs of such changes are: The broad masses of literary and art workers have shaken off the "leftist" shackles of "taking class struggle as the key link" which had existed for a long period since the socialist transformation was basically completed, have made a breakthrough in their limited understanding of the functions of literature and art, have greatly emancipated their minds, and have gained much greater freedom in literary creation. Their mental outlook has taken on a new look. Works of literature and art have unprecedentedly increased and they have made notable progress in reflecting social life in terms of depth and breadth. They have made important contributions to promoting ideological emancipation, encouraging people to plunge themselves in the socialist modernization drive, to adhere to the four cardinal principles and to implement the policy of reform and opening up, and to enrich the people's spiritual and cultural life. While carrying forward the fine cultural traditions of our nation, many works of literature and art have enthusiastically absorbed beneficial things from foreign culture and have made new literary breakthroughs. A flourishing situation in which there is a great variety of contents, themes, forms, and styles has emerged. Literary criticism and literary theories have become gradually more lively and ideas and concepts of literature and art have been updated and developed. Mass cultural activities have been more and more vigorously unfolded. New talented people have been brought up in the new practice in literature and art and the emergence in large numbers of outstanding young writers and artists have added new vitality and vigor to the literary and art circles. A contingent of socialist literary and art workers consisting of old, middle-aged, and young writers and artists who are welcomed and trusted by the people is gradually expanding and growing in strength. It can be said that these 10 years have been a period in which the ideology has become dynamic, fruitful results have been obtained, and people of talent have come forth in large numbers on the literary and art front.

(2) The favorable situation on the literary and art front has been brought about by the in-depth implementation of the line formulated since the 3d Plenary Session of the 11th CPC Central Committee, the encouragement and impetus given by the situation of reform and opening up, efforts of the party to set things right on the literary and art front, major readjustment of the principles and policies for literature and art, and the creative work of the masses of literary and art workers. After putting an end to the decade of turmoil, party organizations have reversed the verdicts of false and unjust cases involving large numbers of literary and art workers and have rehabilitated large numbers of outstanding works of literature and art which were wrongly framed. In accordance with changes in the objective situation, the slogan of "literature and art should serve politics" has been discarded and "serving the people and serving socialism" has been regarded as the orientation of work in literature and art. The policy of "letting a hundred flowers bloom and letting a hundred schools of thoughts contend" has been reaffirmed and upheld and a series of policies aimed at liberating the productive forces of literature and art has been formulated. At the same time, the party has also made appropriate criticism and given guidance on some negative phenomena on the literary and art circles. Changes in the party's guiding ideology and leadership methods have aroused the enthusiasm and creativity of the broad masses of literary and art workers and have created a favorable environment and atmosphere for them to carry out literary creation with ease of mind.

(3) Major problems existing in literary and art work at present are: Leadership work in literature and art and the management structure of literature and art can hardly meet the needs of the new situation. Economic policies involving literary and art work under the conditions of the socialist commodity economy are not sound or complete. There are not enough excellent works of literature and art that deeply reflect social changes and the spirit of our time and some negative and vulgar works that sap the morale of the people and have an adverse influence on the society have also emerged. Scientific and realistic criticism on literature and art has not been carried out frequently and in a lively manner. Some comrades in the ranks of literary and art workers do not understand the history and culture of the motherland and lack the spirit of intensively studying and mastering basic professional skills. Some comrades lack a sense of social responsibility and are divorced to varying degrees from realities. Therefore, further emancipating our minds, strengthening the sense of construction, increasing unity, promoting literary creation, and strengthening theoretical studies have become urgent tasks of work in literature and art under the new situation.

(4) In the course of reform and opening up and developing the socialist commodity economy, social phenomena are very complicated. Great changes are taking place in people's ideology, concepts, and habits of appreciation and these are unavoidably reflected in the understanding

of questions in literature and art. Therefore, the situation of the literary and art front must be analyzed objectively and dialectically in the course of its development and no oversimplified way should be used. We should guard against looking only at the favorable side and should not avoid facing squarely problems that must be solved. We should also guard against exaggerating shortcomings and should not use old concepts and old methods to observe and solve new problems.

II. Adhere to the "Two Services" Orientation and Uphold the "Double Hundreds" Policy

(1) Adhering to the orientation of literature and art "serving the people and serving socialism" and upholding the policy of "letting a hundred flowers bloom and letting a hundred schools of thought contend" is the fundamental guarantee to the long-term steady development of the cause of socialist literature and art in our country.

The cause of socialist literature and art is an important component part of the building of a socialist spiritual civilization. It is necessary, through giving full play to various functions of literature and art, to inspire the national spirit, improve the people's quality, enlighten their wisdom, beautify their hearts, continuously meet the needs of the people's cultural life, which are diversified and have multiple layers, nurture, influence, educate, and encourage the people, and promote social progress. Our literature and art should hold high the banners of patriotism and socialism, carry forward the spirit of socialist humanism, and unremittingly struggle for the realization of the four modernizations and invigorating the Chinese nation. It is necessary to advocate the creation of outstanding works that are conducive to the socialist modernization drive and overall reforms, to advocate the creation of outstanding works that inspire the people to go all out to make our country strong, to blaze new trails, and to forge ahead, and to advocate the creation of outstanding works that have a good influence on people's moral sentiments and this should be the main melody of literature and art creation in our country at present. It is necessary for us to eulogize the revolution, construction, and all things that are good and beautiful. It is also necessary for us to castigate what is ugly and decadent. The purpose and keynote in so doing should be increase of the national confidence, increase of the national cohesive force, promotion of socialist construction, and development of reform and opening up. All works of literature and art are allowed to exist so long as they have not violated the Constitution, laws, or state regulations concerned, and so long as they are harmless, have artistic merit, and can provide artistic enjoyment and entertainment for the people.

Our literary and art workers should inherit and carry forward the fine traditions of our revolutionary literature and art, correctly handle their relations with the country and society, put the interests of the country and the people in first place, follow the laws of historical

development, make clear their sacred mission in the building of the socialist spiritual civilization, give full play to their creative talents, and make due contributions to helping the people, the young people and children in particular, become a generation of educated and disciplined people with ideals and moral ethics.

(2) Literature and art creation is a special kind of spiritual work and it is especially necessary to give play to individual creative spirit. It is necessary to further create a social environment of stability, unity, democracy, and harmony so that writers and artists can do creative work with great concentration. Writers and artists should enjoy full freedom in deciding what to write and how to write. It is necessary to seriously ensure freedom of creation and freedom of expression, encourage literary creation, advocate free competition among different styles, sects, and schools, and encourage scientific and realistic criticism and counter-criticism. Questions concerning creation of literary and art works should be discussed, studied, and explored by writers and artists themselves, and should be gradually solved in literary and art practice. Party organizations and government organs should not flagrantly interfere.

Freedom of creation has been correctly advocated by our party for years and it is protected and conditioned by the Constitution and laws. Freedom of creation should not be regarded as bourgeois liberalization and should not be negated or banned the moment some problems occur in the field of creation. Nor should it be understood as a cancellation of the social significance and social responsibility of literature and art.

(3) Literature and art is basically a social and cultural phenomenon. Literature and art is not identical to politics and it should not be asked to subordinate itself to politics and much less should it be asked to subordinate itself to temporary, specific, and direct political tasks. However, literature and art should not be divorced from politics. We should understand that some works of literature and art play a very important role in influencing people's ideology and politics, but we should not exaggerate their role either.

(4) It is necessary to correctly understand and handle the relationship between carrying forward national cultural traditions and absorbing foreign culture. To develop socialist literature and art, it is necessary to protect and inherit the fine cultural heritage of various nationalities of our country and it is also necessary to use outstanding cultural achievements of foreign countries. We should not adopt an attitude of despising and negating the traditional culture of our country, but must adhere to the policy of critically inheriting it, discard the dross, and select the essence. We must persist in adhering to an open policy toward foreign culture, absorb all that is good, and discard all that is ugly and decadent. We should overcome and resist the influence of decadent ideas and moral ethics of feudalism and capitalism. It is necessary to select and absorb the fine culture of various

foreign countries on the basis of inheriting the fine cultural traditions of the Chinese nation, and create a brilliant new culture of the Chinese nation that embodies the spirit of our time.

(5) Socialist literature and art is an integration of uniformity of political orientation and diversity of contents, forms, styles, and schools and sects. Our writers and artists should share a common fundamental orientation of "serving the people and serving socialism" and should share the fundamental task of building socialism with Chinese characteristics and safeguarding the unity of the motherland. We should have a comprehensive and correct understanding of the relationship between the orientation of "serving the people and serving socialism" and the policy of "letting a hundred flowers blossom and letting a hundred schools of thoughts contend." Parting from "two services," "double hundred" will deviate from its orientation; and parting from "double hundred," "two services" cannot be realized. The two are united and inseparable and they should not be regarded as being mutually opposite or mutually repellent.

III. Strive To Improve and Strengthen the Party's Leadership Over the Cause of Literature and Art

(1) The party's leadership over the cause of literature and art is leadership in political principles and political orientation. This mainly means the formulation and readjustment of principles and policies for literature and art, properly carrying out ideological and political work, and ensuring the development of literature and art along a correct orientation; carrying out work by giving play to the role of guaranteeing and supervising party organizations, and the vanguard and exemplary role of party members; recommending candidates for important cadre posts in accordance with the standard of having both ability and political integrity to strengthen the building of leading bodies. The party should not substitute organs of state power in the management of literature and art, nor should it monopolize the activities of mass organizations of literature and art. If leading party organizations part from the principle mentioned above and exercise excessive and specific control over other aspects of the cause of literature and art, they will prevent literature and art organizations, writers, and artists from giving play to their creativity and will overload themselves with concrete affairs, thus affecting their political leadership and role of macroscopic regulation and guidance in the literature and art circles.

(2) Leading party organs should fully respect the characteristics and laws of literature and art and should interfere less and involve themselves less in questions concerning specific works or academic questions of literature and art. The merits and demerits of works of literature and art should be assessed by the broad masses of readers and audiences and by the literary and art circles themselves and such assessments should stand the test of history. Some questions of right and wrong in literature and art which cannot be made clear in a short

time should be opened to discussion over a longer period and no hasty conclusion should be made, while other questions need no unified conclusion at all. Except those which violate the Constitution and laws and must be banned, ordinary academic and artistic questions should not be resolved by means of administrative orders, but should only be discussed democratically and on an equal footing. It is necessary, through positive and healthy comments, to encourage what is correct and good, criticize and oppose what is wrong and bad, and promote the development of academic and artistic work. In discussions of literature and art, and in academic discussions, it is necessary to adhere to the principle of equal opportunity for various sides taking part in the debate or competition. Newspapers and magazines, as positions for commentaries, should not publish only viewpoints they appreciate and refuse to publish different viewpoints. In particular, they should prevent unhealthy trends of thought and sentiments from monopolizing positions of commentaries. Specific questions of works of literature and art and of writers and artists should be analyzed specifically. Partial points do not represent the whole. We should not affirm everything or negate everything. We should guard against taking universal administrative measures against the literary and art circles or a certain literary and art department simply because one or two literary works or persons have made mistakes.

(3) Leaders should correctly implement the party's line, principles, and policies, and should strive to explore and study ways and methods for giving good leadership over work of literature and art under new historical conditions. They should respect, understand, and show concern for the broad masses of literary and art workers. They should increase contacts and dialogues with literary and art circles so that the latter can understand the efforts and work of the party, the problems incurred, and the solutions to those problems, in the realization of the modernization program and the revitalization of China. At the same time, they should also listen to the opinions of literary and art workers. Literary and art workers need not regard as instructions to be implemented personal views on works of literature and art put forward by leaders in the capacity of readers or watchers.

In order to ensure the long-term steady development of the cause of literature and art in our country, it is necessary to safeguard all rights and interests which writers, artists, and literary and art organizations are entitled to as prescribed by the Constitution and laws, and various laws and regulations governing works of literature and art should be further formulated and perfected. Works which have violated the law and must be banned should be handled by judicial organizations or governments and authorized departments in accordance with laws or regulations concerned.

IV. Accelerate and Deepen Structural Reform of Literature and Art

(1) The purpose of structural reform of literature and art is to further develop the productive forces of literature and art, promote socialist literature and art, and meet

the increasing needs of the cultural life of our people. In the past few years, some achievements have been made in the structural reform of literary and art organizations in terms of straightening out various relations, changing functions, readjusting layouts, and improving managerial work. However, the step taken is not big. The situation of improper relations, low efficiency, and over-centralization of the management structure has not been fundamentally changed and reforms in this respect should be accelerated.

(2) In the structural reform of literature and art, the relations between the party and the government on the one hand and the mass organizations of literature and art on the other should first of all be straightened out and the functions of each of them should be clearly defined. The party should exercise political leadership and should strengthen macroscopic guidance given to literature and art. The government should give guidance to, make plans for, coordinate the work of, provide services for, and carry out supervision and administration of the cause of literature and art mainly by legal, administrative, and economic means. The main functions of the China Federation of Literary and Art Circles are its responsibilities of keeping members of various organizations in contact, coordinating work among them, and providing services for them. In addition to the functions mentioned above, the association is also responsible for ensuring proper commentary work and proper publication of various magazines, and for safeguarding the proper rights and interests of its members. The federation and association should keep close ties with the masses and improve its mechanism, should become true representative mass organizations of writers and artists, and should become the channels and bridges for consultations and dialogues between the party, government, and various social sectors on the one hand and the literary and art circles, writers, and artists on the other.

(3) In the management structure of literature and art, it is necessary to increase the decisionmaking power of various literary and art institutions and units, introduce a competitive mechanism, and promote the flow of talented people in order to vitalize and invigorate literary and art institutions and units and to arouse the enthusiasm and creativity of literary and art workers. The structural reform of literature and art is system engineering and it is necessary to study and work out comprehensive reform measures. It is necessary to actively, but carefully, implement the "double-track system" in artistic and theatrical organizations. State-run artistic and theatrical organizations should be fewer and better. Artistic and theatrical organizations representing the artistic level of the country or localities or those which should be maintained for their special historical value should be run by government departments in charge of culture. Artistic and theatrical organizations not run by the state should be organized by artists of their own free will. Such organizations should implement the collective ownership and individual ownership and should operate independently, keep their

independent accounts, and assume sole responsibility for their profits and losses. The state should set different requirements for artistic and theatrical organizations under different ownership and should work out different methods of administration. We should guard against the reappearance of the phenomena of eating out of a "big rice pot" and holding "an iron bowl" in state-run artistic and theatrical organizations and should also give due support to artistic and theatrical organizations which are not run by the state.

(4) Establish and improve the socialist cultural market and correctly guide the people's cultural consumption. At present, a cultural market which provides people with spiritual products and cultural entertainment and services in the form of commodities is taking shape in our country. The government exercises macroscopic regulation and indirect leadership over the cultural market and uses the market mechanism to organize and guide the people's cultural consumption. This is one of the ways to improve the quality of spiritual products and the quality of services. Our work in literature and art must regard social benefits as the highest standard. It is necessary to make efforts to improve the quality of spiritual products, and improve management and operation so that social benefits and economic results can be properly integrated.

(5) Formulate and improve various economic policies concerning the cause of literature and art. The production of spiritual products differs from that of material products. The state should give preferential treatment to the cause of literature and art in collecting taxes and should appropriately implement more flexible price policies. It is necessary to encourage and support the production of outstanding spiritual products, limit the production of spiritual products of poor quality, and guide the healthy development of the cause of literature and art. Literary and art undertakings in former revolutionary base areas, areas inhabited by minority nationalities, border areas, and poor areas are relatively more backward and the state should give them more support and assistance.

V. Strengthen the Building of the Ranks of Literature and Art Workers

(1) To promote the cause of socialist literature and art, our literary and art workers are required to make efforts to improve their ideological and professional quality. It is necessary to encourage writers and artists to diligently study Marxism, study the line, principles, and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee, study cultural theories, acquire scientific and cultural knowledge, take part in the practice of reform and construction, and constantly raise their ideological and creative level. Life is the source of the creation of literature and art, the great practice of building socialism with Chinese characteristics is the fertile soil for the creation of literature and art, and the close ties of blood and flesh with the people is the artistic

life of all progressive literary and art workers. To maintain close ties with social life and practice and with the people is the foundation for the development of the cause of socialist literature and art. Creation of literature and art which is divorced from the time and the people has no future. The party and government should take concrete measures to solve practical problems encountered by literary and art workers who go deep into realities of life.

(2) Strengthening unity among the ranks of literary and art workers is an important issue in building the cause of socialist literature and art. For more than half a century, revolutionary movements of literature and art under the party's leadership have made different achievements in different periods. Batches after batches of literary and art workers have stood rigorous tests and have made outstanding contributions to the revolutionary cause of literature and art. Today, the great goal of the realization of the four modernizations and revitalization of China and the arduous task of promoting socialist literature and art demand that literature and art workers unite even closer together, carry forward the fine revolutionary traditions, seek common ground on major issues while reserving differences on minor ones, and overcome various difficulties and interferences to score new victories.

While great changes are taking place in the society, it is unavoidable that some differences and confusion occur among the ranks of literary and art workers. These are problems that cropped up while we are forging ahead and they are nothing to be afraid of. In the course of studying deeply the party's basic line for the initial stage of socialism, and in their daily life and creative practice, comrades of the literary and art circles should seek unity of understanding on one center and two basic points and should concentrate their efforts on creating more works and training more talented people. The final results of unity and building of the ranks of literary and art workers should be manifested in providing more fine spiritual products for the people.

Our slogan remains to be: Emancipate the minds, seek truth from facts, and be united and look forward to the future. Those who cling firmly to their ossified views and those who negate Marxism are very few. We should not regard those who for the time being are unable to keep in step with the reform as people who have ossified views, nor should we regard saying something beyond the proper limits as bourgeois liberalization.

Literary and art workers who are party members should play an exemplary role in promoting unity among the ranks of literary and art workers and in promoting literature and art. They should set an example in implementing the party's line, principles, and policies, in forging ahead and working hard, in being sincere in getting along with others, and in uniting with others. Leading comrades and old comrades of literary and art circles in particular should all the more set an example for the younger generation.

It is necessary to unite with all writers and artists who are patriotic and support socialism, and all writers and artists who support the reunification of the motherland, including writers and artists among Taiwan compatriots, Hong Kong and Macao compatriots, and Overseas Chinese, to make greater contributions to the great cause of the motherland's reunification and the promotion of literature and art.

(3) Our country is undergoing deep changes and has entered a great era of national revitalization. Our literary and art workers should have a deep understanding of the historical mission on their shoulders, increase their sense of mission and responsibility, treasure the favorable conditions which have not been easy to come by, enthusiastically work hard to promote the cause of literature and art, and scale the summit of socialist literature and art together.

Commentator on Literature, Art

HK1403123289 Beijing RENMIN RIBAO in Chinese
14 Mar 89 p 1

[Commentator's article: "Promote the Long-Term Steady Development of the Cause of Literature and Art"]

[Text] Socialist modernization construction, reform, and opening up in our country is now developing in depth, and the work of literature and art is facing new challenges and tests of the times. Under this new situation, the CPC Central Committee issued the document—"Several Opinions on Further Advancing the Prosperity of Literature and Art." This is a major event in the field of literature and art in our country. Seriously studying and implementing this document is an important guarantee for the long-term steady development of our socialist literature and art.

This document was formulated by the CPC Central Committee department concerned according to the discussions of the party central Political Bureau after extensively soliciting opinions from cadres responsible for ideological, cultural, and propaganda work at various levels and from literary and art workers. The document seriously sums up our party's positive and negative experience in its leadership over the work of literature and art, and explores and studies the guiding principles and methods for properly exercising leadership over the work of literature and art under the new historical conditions. So the document is of great guiding significance for improving and strengthening the party's leadership over literature and art.

Over a long period in the past, the party has gained certain successful experiences in exercising leadership over the work of literature and art, but has also made many errors and has drawn certain bitter lessons. The guideline of "taking class struggle as the key link" and the narrow understanding of the functions of literature and art seriously debilitated and frustrated the creativity of literature and art, and precluded the normal and

healthy development of literature and art. In the period of the 10-year turmoil, the realm of literature and art was turned into a desert. After the 3d Plenary Session of the 11th CPC Central Committee, the party straightened out the guiding principles in all fields, showed respect for the regularity of literary and art creation, and made major adjustments of the literary and art policies. All this greatly emancipated the minds of all literary and art workers, brought great freedom to their creation, and brought about major historic changes in the field of literature and art in our country. Although some unhealthy tendencies still existed in the field of literature and art in the past 10 years, the party's leadership over the work of literature and art has anyhow become mature. The document explicitly points out that the party's leadership over literature and art should be demonstrated in the control of the political principles and the political orientation, in the formulation and adjustment of various policies for literature and art, and in the guarantee for the development of literature and art along a correct course through ideological and political work. The party's leading organs should fully respect the characteristics and regularity of the work of literature and art, and should reduce direct interference in concrete literary and art works and academic issues. Leaders should correctly implement the party's line, principles, and policies, earnestly explore and study the methods and forms of exercising leadership over the work of literature and art under the new historical conditions. All this represents the summing-up of our valuable experience, and is of great importance for the long-term steady development of literature and art in our country.

This document points out that under the new historical conditions, it is still necessary to insist on the orientation of literature and art "serving the people and serving socialism," and to carry on the policy of "allowing a hundred flowers to blossom and allowing a hundred schools of thought to contend." The document explicitly points out that "our literature and art should hold high the banners of patriotism and socialism, give expression to the spirit of socialist humanism, and make continuing contributions to the realization of the four modernizations and to the regeneration of China." Literary and art workers are special mental workers. They should enjoy full freedom in determining what to write and how to write. The party will not require literature and art to be subordinate to politics, or still less, to be subordinate to some temporary, concrete, and direct political tasks. Literary and art workers should correctly understand the social significance of their work and clearly realize their own social responsibilities. We should carry forward the fine tradition of our revolutionary literature and art, bring the multiple functions of literature and art into play, create more good works which are conducive to socialist modernization construction and all-around reforms and can encourage people to make innovations and make progress by exerting themselves and to mold noble characters and desirable personalities. Literary and art works should be able to enhance people's national self-confidence, strengthen the rallying force of

the whole nation, and promote the development of socialist construction, reform, and opening up. This is the ardent hope that the party and the people pin on the literary and art workers. It is believed that the literary and art workers will not let the party or the people down. Socialist literature and art in our country will certainly be able to develop steadily in a long period.

Essays Return as Weapon Against Social Evils
OW1503061789 Beijing XINHUA in English
0148 GMT 15 Mar 89

["Chinese Prose, Essays Follow Leaner Style"—XINHUA headline]

[Text] Beijing, March 15 (XINHUA)—Chinese prose in the last decade has made marked progress in getting rid of its traditional "flowery but empty" style of writing, and essay writing has resurged to become a weapon against social evils, one of China's leading writers said here today.

Zhang Qie, a member of the Secretariat of the Chinese Writers Association, made the remarks in connection with the recent selection of the country's outstanding prose and essays written since 1979.

In the selection, the first of its kind in China, seven works were given "honorary" awards, 24 got "outstanding prose" awards and 10 were honored with "outstanding essay" awards.

Zhang, vice-chairman of the panel of judges for the selection, told XINHUA that China has a long tradition of prose writing. Although progress was made after the founding of New China in 1949, there was for a time a tendency to "divorce writing from reality," he said.

Some writers confined their depiction to things in the remote past and scenery—seemingly elegant yet often flowery and empty, Zhang explained.

In the last ten years, however, Chinese prose writers, veteran writers in particular, have made great efforts to change this state of affairs.

On major features of this period, Zhang said writers have devoted much of their work to the re-evaluation of events in modern China, depicting the reform and contemporary life.

For instance, Yang Jiang's "Six Episodes in Cadre School," which ranked first among the 24 award-winning pieces, shows deep insight into Chinese society during the "Cultural Revolution" (1966-1976), when the writer was sent to do manual labor in the countryside.

Zhang said that in the course of the recent selection the judges were more concerned about essayists, since for a long time they were unfairly treated.

They often became targets of attack in literary discussions and during political movements for their articles exposing social evils, he explained, adding that some award winners had been labelled as "rightists" in the 1950s.

In China, he said, essays are, to a certain extent, barometers of social change, and each resurgence of essay writing in modern Chinese history has been related to major social events.

The flourishing of essay writing in the past decade indicates that China has entered a new historical period of democracy, reform and opening to the outside world, Zhang stressed.

Top of the list of winners for outstanding essays was Shao Yanxiang, who established his fame as a poet in the early 1950s. His "One Hundred Essays of Worries and Joys" is a sharp criticism of social unfairness.

The panel of judges was headed by the 88-year-old writer, Bing Xin, an advocate of short articles that speak the truth and are free from falsehood, boasting and empty words.

Ba Jin Wins Award for Controversial Book
OW1503050089 Beijing XINHUA in English
0133 GMT 15 Mar 89

[Text] Beijing, March 15 (XINHUA)—A collection of essays and articles by leading Chinese writer Ba Jin has won a national award.

"Random Thoughts," which has caused controversy for its expose of social evils in Chinese society, was given the top award by the Chinese Writers Association earlier this month for outstanding prose and essays published in the last decade.

The honorary awards were given to veteran writers who have made outstanding contributions. Winning works were selected from among more than 400 nominated books by a panel of judges headed by the 88-year-old writer Bing Xin.

Ba Jin's collection, which comprises five volumes published between the end of 1978 and August 1986, contains 150 pieces under five subtitles—"Random Thoughts," "Exploration," "True Words," "In Illness" and "Untitled."

Critics said the 420,000-character book is both a critical analysis of the writer's own thinking and an expose of recent misdeeds in Chinese society, particularly during the disastrous years of the "Cultural Revolution" (1966-1976).

The publication met with some initial resistance. There have been reports in the Chinese press that some people, including some "authoritative persons", have frequently criticized the collection and tried to prevent its publication.

This was denied by an editor of the People's Literature Publishing House (PLPH).

So far, PLPH has published 110,000 copies of the book and is planning reprints. The Life-Reading-New Knowledge Joint Book Store, which has combined the five volumes into two, has published 42,000 copies. The book store said almost all have been sold.

Despite the controversy, Ba Jin's collection is widely regarded as a great book. Interviewed by XINHUA, Zhang Qie, writer and vice-chairman of the panel, quoted Bing Xin as saying, "In prose writing, the author should speak the truth, present his true feelings and avoid falsehood, boasting and empty words."

Ba Jin, born in 1904 in Sichuan Province, is best known for his autobiographical novel "The Family," which chronicles the decline of a large feudal household in China's turbulent 1920s, driven by stupid cruelties and hypocritical conventions.

His first novel "Doom" was written in France in 1927 and 1928 when Ba Jin was heavily influenced by Jean-Jacques Rousseau. Ba Jin referred to Rousseau as "my first teacher in literature."

That influence seems to have continued to today and has found expression in "Random Thoughts." In the collection, Ba Jin confesses that in the last three decades or so his writings have sometimes distorted the truth. He admits to having criticized another writer under pressure from higher authorities.

Ba Jin describes the major mistake of his generation as "saying too many empty words." In a postscript to the book, he writes, "After writing for six decades, I should apologize to my generous readers."

In the 1950s, Ba Jin was attacked by Yao Wenyuan, later one of the "gang of four," as a "white banner" (a euphemism for acting against party policies) for disagreeing with leading cadres who criticised literary works at will.

During the "Cultural Revolution," he was labelled a "monster" (counter-revolutionary) and publicly humiliated.

But he says the gang of four were unable to transform him into a "robot". After the downfall of the gang, which Ba Jin describes as his "second liberation," he called for continued criticism of feudalism and for the independent thinking of writers.

The judges of literary works are the reading public, Ba writes. "Of course, officials can be readers and are entitled to the right of self-expression. But writers may or may not accept their opinions."

Some of his points have been formally included in an important party document which was made public last week.

The document says, "personal opinions of leading cadres as readers or viewers need not be taken by writers and artists as orders that must be carried out," and "what to write and how to write are totally up to literary and art workers themselves to decide."

Ba Jin is reportedly still suffering from a fall at his Shanghai residence in late January. While in Shanghai earlier this year, senior Chinese leader Deng Xiaoping sent people to convey his solicitude to Ba Jin at the writer's home, according to "LITERATURE PRESS."

Prior to the injury, Ba Jin was helping a publishing house with the publication of "The Complete Works of Ba Jin." Seven of its 25 volumes have already been published.

Party Research Director Cited on Restructuring
OW1403164289 Beijing XINHUA in English
1509 GMT 14 Mar 89

["Party Official: China Must Restructure System To Fight Corruption"—XINHUA headline]

[Text] Beijing, March 14 (XINHUA)—China should restructure its current system, develop a more open government and establish unified and specific standards for handling administrative affairs in order to raise efficiency and fight corruption, according to a party official.

Bao Tong, director of the Communist Party's Central Committee Research Center for Political Reform, makes the observation in an article to be published in the coming issue of "QIUSHI"—a fortnightly theoretical journal published by the Central Party School.

The article says that corruption among government workers who exchange public power for money is illegal in all countries. Wrongdoing occurs under both private and public ownership systems and the establishment of socialism does not lead automatically to its disappearance.

The article notes that historically, corruption tends to run rampant when a market economy begins to flourish and the activities of government, markets, and enterprises have not been strictly standardized through legislation.

China is presently experiencing such a period, further complicated by the overlapping of old and new systems during the process of restructuring, the writer says.

The article goes on to say that most officials abide by the law and live plain lives, but a small number do become corrupt—taking bribes, abusing power or extorting money. Although the number is small, such people exist everywhere and have great influence, Bao says.

It is worthy of note, he continues, that some people who are against the four basic principles of adhering to the socialist road, the people's democratic dictatorship, leadership of the Communist Party and Marxism-Leninism and Mao Zedong Thought, attribute corruption to the Communist Party leadership's policy of socialist reform and opening up to the outside world.

This, he says, is merely putting up a smokescreen to cover their own nefarious purposes.

Faced with such self-serving opposition, the party and government should even more positively uphold the banner of anti-corruption and achieve real results in its elimination.

The article also says that political movements of the kind which played a major ideological role in the early 1950's were unsuccessful in effectively checking corruption or eradicating wrongdoing.

The solution to the problem relies on improvement of the overall system, Bao suggests. For example, reform of the system of enrollment in institutions of higher learning in 1977 fundamentally solved the problem of "back door enrollment" which became the focus of public complaint at that time.

Bao reminds his readers that as Deng Xiaoping has pointed out, compared with individual responsibility, "systems are more fundamental, widespread and long-lasting and they have a greater effect on the overall interests of our country."

"If these systems are sound, they can place restraints on the actions of bad people; if they are unsound, they may hamper the efforts of good people, or indeed, in certain cases, may push them in the wrong direction."

Although it is much more complicated to keep the party and government free of corruption than to solve questions of college enrollment, China should insist on adhering to the thinking of Deng Xiaoping and give priority to reform and the establishment of a sound system of administration, he says.

The article praises the example of cities and counties in Heilongjiang Province—which publicize details of administrative affairs—including the issuing of loans, allocation of farm goods, taxation, licenses and handling residence registration.

After the publication of details of administrative affairs, procedures, and punishments for their violation, officials who would like to abuse power dare not do so for fear of exposure—and those who abide by the country's laws and regulations can work justly and forcefully, Bao argues.

The article also urges that China establish unified and specific standards for administrative affairs to prevent the abuse of power and raise efficiency.

In conclusion, the article calls on Communist Party organizations to help investigate corruption and establish their own anti-corruption system.

State Council Decides Industrial Policies

OW1403165589 Beijing XINHUA in English
1602 GMT 14 Mar 89

[Text] Beijing, March 14 (XINHUA)—The 38th executive meeting of the State Council, presided over by Premier Li Peng, today discussed and decided major points of industrial policies.

The formulation and implementation of industrial policies, it concluded, will benefit reform and development and the planned and market economy, and help to improve the economic environment.

According to the directives of the meeting, serious problems exist in China's industrial structure. Therefore, readjustment and change are needed in the structure, as well as in China's industrial policies, so as to prevent economic stagnation and inflation and to ensure steady development.

The fundamental tasks of the readjustment of the industrial structure are concentration on the development of basic industries, including agriculture, energy, communications and raw materials; increasing the production of scarce commodities; and controlling the development of the processing industry.

Under the directives, the development order for various industries is arranged according to such factors as market demand, technological advances, potential for earning foreign currency, and economic efficiency. Industries that are to be supported and encouraged and those that are to be limited and banned are clearly defined.

The directives require businesses to protect and guarantee the implementation of policies concerning capital, taxes, prices, foreign currency, foreign trade, materials and business organizations.

They also make clear that the power of making industrial policies belongs to the State Council and they require governments at all levels carry out the policies.

Local governments, they say, are not allowed to maintain regional or short-term interests at the expense of the long-term interests of the state as a whole.

The directives were submitted to today's meeting after being revised according to opinions and suggestions put forward at the State Council's 33d executive meeting, and they are due to be published on March 18.

Economic & Agricultural

'Roundup' on Local Leaders' Views on Economy

Part One

OW1103142689 Beijing XINHUA in English
0923 GMT 11 Mar 89

["Roundup: Local Leaders' New Ideas on Economic Work (Part One)"]—XINHUA headline]

[Text] Beijing, March 11 (XINHUA)—Officials in the three big cities of Beijing, Shanghai and Tianjin have recently put forward new ideas on economic work in their municipalities during the country's overall readjustment of the economy.

The Beijing mayor's new ideas are as follows:

The economic structure in the capital is not rational, and Mayor Chen Xitong pointed out that the municipal government should concentrate its efforts on the restructuring of production, enterprises and products.

The mayor emphasized that the city should develop high-tech and new technology; it should force those enterprises which have no guaranteed raw materials and yield poor economic results to limit or stop production.

To ensure the sound development of superior production and products, the city will reorganize enterprises by combining, leasing, cooperation and administrative transfer. It will continue to carry out optimum deployment in labor management and enhance training of employees.

As for Shanghai:

Shanghai Mayor Zhu Rongji stressed that the city should bend its main efforts to stabilize the market, control prices, cut investment in fixed assets, control excessive growth of consumption funds, restructure production and products, and deepen the reform of enterprises.

The mayor revealed that this year's agricultural production promises growth while industry will slow down, to a 5 percent growth rate.

To promote exports the city will further implement the export agency system and carry out the two-way contract system in which the export tasks are contracted to the production enterprises and the export goods are entrusted to the foreign trade enterprises.

The city has set up a special office to oversee the construction of key projects, which include the Huangpu River bridge, a subway, sewage disposal projects, a color television venture and a 300,000-ton-a-year ethylene plant. Meanwhile, the city must slow the construction of hotels, office buildings and other non-production projects.

The Tianjin mayor put forward the following ideas:

Tianjin Mayor Li Ruihuan envisages a tax lever to solve the contradictions between the burgeoning rural enterprises and falling agricultural production. He suggested that the city levy taxes on the rural enterprises and transfer parts of the profits to agricultural and non-staple production to balance the incomes of the rural laborers.

Economic penalties should be adopted for those counties which fail to reach their targets of agricultural and sideline production, and administrative measures should be taken to stop the further development of rural enterprises in those counties which neglect agricultural and sideline production.

Part Two

OW1503021589 Beijing XINHUA in English
1549 GMT 14 Mar 89

["Roundup: Local Leaders' New Ideas on Economic Work (Part Two)"]—XINHUA headline]

[Text] Beijing, March 14 (XINHUA)—Provincial governments in coastal Guangdong, Liaoning, Jiangsu and Fujian have recently put forward new ideas on the readjustment of the economy in their provinces for the near future. Following are excerpts of their new ideas.

The Guangdong Government:

Provincial Party General Secretary Lin Ruo pointed out that the favorable domestic environment of readjustment and the stable international environment have provided beneficial opportunities for the province to restructure its production and investment, to control the overheated economy and to develop its foreign trade.

Two tasks must be stressed, he said. One is to help cadres at different levels to grasp the favorable opportunities to develop the economy, and the other is to strictly check bank loans to cut back on capital construction.

As for the economic readjustment, the official pointed out that the province must reduce the number of processing projects which compete with those of the inland provinces in raw materials and markets, and develop the communications, energy and raw materials sectors as well as the export-oriented economy.

As for Liaoning Province:

The provincial government has decided to implement from this year its "accent on agriculture" policy to realize its goal of becoming the first modernized agricultural base in the country, meanwhile continuing to construct this heavy industrial base.

The province will increase investment in agriculture and will increase the amount of investment in agriculture-related energy, communication and scientific research projects. It will also set up special funds to develop agriculture and investment companies.

According to Governor Li Changchun, the province will use the 30 million U.S. dollars in World Bank loans introduced this year mainly in developing agriculture.

The province will increase investment in agricultural fixed assets this year despite the overall reduction in capital construction. It will construct a comprehensive agricultural development project in the Liaohe River Delta and a wheat base in the province's midwestern area.

The industrial production restructuring will also benefit agriculture. It will cut back a number of high energy consuming and low yield industrial projects and enlarge the supply capacity of agricultural production materials.

The Jiangsu Government's new ideas are as follows:

Governor Gu Xiulian stressed that the province must grasp the opportunity of the nationwide economic readjustment in four aspects: Developing high-tech sectors and new technology; readjusting the structure of its production and products; readjusting the structure of its enterprise organizations to form new scale and group superiority; and expanding exports.

As for Fujian Province:

Governor Wang Zhaoguo pointed out that the province should make further use of its position to open to the outside world. He put forward six tasks for this year's work: The province should concentrate its efforts on constructing 14 key projects, which include the energy, communications and raw materials industries; it will continue to observe contracts signed with foreign investors to run foreign-funded enterprises; it will expand businesses with foreign funds, cut back high consumption and wasteful enterprises and use the funds to develop joint ventures; and sell or lease some small state-run enterprises to foreigners.

The province will continue to support export-oriented production and develop foreign trade, and strengthen ties with business people from Hong Kong, Taiwan and foreign countries. Meanwhile it will encourage enterprises from inland provinces or under the central ministries to set up Sino-foreign joint ventures in Fujian.

Article Analyzes Theories on Inflation

HK1403135089 Beijing QUNYAN in Chinese No 2,
7 Feb 89 pp 18-19

[Article by Ding Bing (0002 0393): "Theoretical Thoughts on Inflation in Our Country"]

[Text] It is generally believed that the overheated economy and outstripping of total social supply by total social demand are to blame for the current excessive price hikes.

This view is naturally correct. But a closer look will find the following ideas also play a great role in creating the deteriorating inflation: Ideas in Western economics advocating the carrying out of an inflation policy and encouraging a high degree of consumption, and ideas considering market mechanism as a "panacea."

Before 1984, China's economic reform ran smoothly on the whole. Though the total social demand was greater than total social supply, the contraction between them was not bitter. Since the focal point of reform was shifted to cities from the countryside, however, the contradiction has gradually become poignant as a result of unduly enlarging the decisionmaking powers of the localities and enterprises, of banks in making loans, and of enterprises in readjusting wages and bonuses of the staff and workers when there was a lack of mutually supportive reform measures. At the same time we blindly preached a high degree of consumption and tried to promote economic expansion by encouraging consumption. As a result, cadres spent money without restraint and were extravagant in eating and drinking at public expense, greatly undermining our fine tradition of being industrious and thrifty in building our country and serving the people honestly; on the other hand the masses were encouraged to spend money, starting the advance of the consumption craze. It was the masses' desire to spend money in advance and the enlarged decisionmaking powers enjoyed by the enterprises that were responsible for the unhealthy practice by which enterprises arbitrarily gave out bonuses or articles, a thing made possible under public ownership, and the swelling of consumption funds. The situation was getting worse. According to the statistics, the total wages including bonuses for 1984 increased by 21.3 percent over the previous year, greatly surpassing the 13.5 percent by which the national income swelled for that year. In tandem with excessive demand for consumption came excessive investment and out-of-control loans. The deficit in bank loans for 1984 increased to 103.3 billion, an increase of 54.4 percent from the previous year, topping 100 billion yuan for the first time. Regretably the authorities failed to pay enough attention to the abnormal situation with the result that the excessive demand continued to grow. In 1985, the investment of state-owned units in fixed assets increased by 40.1 percent, a rarely seen high percentage, over the previous year. In 1986, the investment in fixed assets moved up by another 16.7 percent, and total wages 20 percent when the national income only registered an increase of 7.4 percent. Some comrades, however, insisted at that time that the total social supply was greater than the total social demand for 1986, while others, although they admitted that the total demand was greater than the total supply, maintained that price reform had to be conducted when goods are in short supply. At the same time such ideas as "deficit is harmless" and "inflation is beneficial" were found to be popular in society. As the policymakers were in favor of the idea that "inflation is beneficial" rather than the idea that "inflation is harmful," the inflation got worse. The amount of currency provided increased by 22.4 percent annually during 1985 and 1987, with that for 1988 was expected to grow faster, greatly

exceeding the annual growth rate of 17.4 percent of the GNP for the corresponding periods, thus pushing up retail prices by a great margin in the past few years. An investigation shows that the actual living standards of about 40 percent of families in cities and towns had declined by 1987, and the masses were clearly more and more dissatisfied with the situation. But some people complained that the masses only think of pay increases to the exclusion of price rises. They said with certainty that 1988 was the best time for price reform across the board. They had a blind faith in market mechanism, believing that "prices will rise as soon as they are deregulated; goods will be in liberal supply as soon as prices rise; the market will be stable as soon as goods are in large supply; and prices will drop as soon as the market becomes stable." Therefore they were of the opinion that all prices should be deregulated except those of a few vital commodities and labor services should be placed under the state's unified management so that we could "reach the goal in one step." As the masses across the country expected price hikes, they went on a panic-buying spree and rushed to the banks to withdraw money in an effort to protect their vital interests.

What happened in China is not unique, it has its counterparts. Among the socialist countries, the inflation in Yugoslavia is similar to ours; only their inflation began earlier and has been more serious. Their annual average inflation rate between 1953 and 1964 was only 4.1 percent, but the rate remained at double digits in the seventies except 1976, in which the rate registered 9.4 percent. The inflation rate has been shooting up for years on end since 1982, increasing to 167.4 percent in 1987 from 29.5 percent in 1982, and to the present 217 percent. The actual causes are undue expansion of decisionmaking powers of the localities and enterprises, which gave rise to excessive demand of consumption and investment, and large external debts. The most direct causes were the policy which encouraged a high degree of consumption instituted since the mid-sixties, which caused greater growth in consumption than that in production; and the belief that moderate inflation is in the interests of the economy, which led to slackened control on money supply. The authorities further deregulated prices in May this year in an attempt to keep the price rises in check by means of market mechanism. But it proved a failure. In June and July alone, the overall price level picked up by 32.2 percent, with some goods rising as much as 800 percent. The profound lesson we should draw from the increasingly grave inflation in both China and Yugoslavia is that we should take a correct practical and analytical attitude toward Western economics, assimilating what is rational and useful and discarding what proves rubbish. We should not indiscriminately copy and have blind faith in anything foreign. The inflation in both countries is inseparable from the subjective attempt to promote growth in the national economy through a high degree of consumption, inflation, and market mechanism. These ideas are exactly what Western economists vigorously publicize and preach.

The policy encouraging a high degree of consumption and the policy of inflation carried out in Western countries following the Second World War are based on

overproduction and insufficient demand. These policies may help the capitalist world tide over the economic crises and alleviate the contradiction temporarily, but they will create profound crises and finally increase the contradiction instead of curing the chronic illness. This has been borne out by facts over several decades following the Second World War. In fact, no schools of thought, except the Keynesian school, hold that the policy of inflation is feasible and useful. Even in the Keynesian school, some are only in favor of semi-inflation and consider moderate and galloping inflation an arch enemy of the economy, while some of our comrades believe that inflation is useful, defying the fact that ours is a socialist country and in such a country demand is excessive. It is no wonder that some Western scholars said that China is practicing Chinese-style Keynesianism—Keynesianism without the knowledge of Keynesianism.

Let us turn to the question of market mechanism. Since China has decided to introduce a planned commodity economy, it is necessary to make use of market mechanism; but it is because we introduce a planned commodity economy that we should not forget the practice of regulating the economy through planning while giving play to market forces, and should not give up or relax the macroeconomic control while allowing flexibility in the microcosmic economy. In those developed Western countries which introduce "mixed economy," no country concentrates on regulating the economy through market forces to the neglect of macroeconomic control. Keynes' followers place special emphasis on state intervention in the economy. Ours is a socialist economy based on public ownership and it is natural that we should pay due attention to state intervention in the economy. We must not place the role of state intervention in the economy through planning in such a position that it is "dispensable." Regarding prices, we must not deregulate them across the board when conditions are not ripe.

The FRG is a typical country where price reform was successful following the Second World War. They carried out an economic policy based on the social market, entirely relying on market mechanism to regulate the social economy. In the process of price reform, however, they did not deregulate prices across the board. Rather, they first deregulated prices of those commodities that had established equilibrium of supply and demand, and they did not deregulate prices of other commodities until the same equilibrium had been achieved. Again they carried out price reform and made use of market mechanism while they made resolute efforts to curb inflation and stabilize prices. They considered "stable prices as one of the basic human rights," and that "stable prices should occupy first place in the order of economic affairs" (Edhard's remarks). They also maintained that encouraging inflation is bad conduct, amounting to stealing, in secret, the money other people saved. It may be for this reason that their reform enjoyed the masses' support and proved quite successful.

Our actual condition is quite different from that of the FRG. First, we have a different social system. If we rely entirely upon market mechanism to regulate the economy, indiscriminately following their example, we will not attain the intended objective of expanding the economy owing to a lack of microeconomy under the private ownership as its basis. We may even throw the economy into confusion. Second, our status quo is different: 1) Commodities are in very short supply; 2) inflation is getting worse; 3) "official and private racketeers" are found everywhere. If we do regulate prices across the board under the present circumstances, trying to reach the goal in one step, there will actually be repeated price spirals, the laboring masses will experience "labor pains," and the unscrupulous "official profiteers" will make a windfall, putting the economy in a tighter spot, to the detriment of the task of rationalizing prices.

Therefore a pressing matter of the moment is to conscientiously "improve the economic environment and rectify the economic order," rather than deregulate prices across the board. This is the only correct policy based on reality.

Article Views Erroneous Reform Ideas

HK1503042289 Beijing JINGJI CANKAO in Chinese
27 Feb 89 p 1

[Article by Xiao Jiabao (4682 1367 0202): "Forsake the Theory of Quick Success and Discard the Theory of Pessimism"]

[Text] The idea of scoring quick successes and the pessimistic feeling, like a pair of phantoms, are accompanying our reforms. When reforms are going smoothly, many people are overly excited, thinking that modernization can be realized at one go and that once some "miraculous cures" are found, the goals of reforms will be accomplished. When reforms meet with setbacks, the theory of pessimism will appear. People affected by this theory think that China's cultural traditions have no merit at all, our social system is no good, our leaders are incapable, and our people lack the ambition to do well. In their opinion, we are hopeless no matter what reform efforts are made.

Although the sudden waxing and waning of enthusiasm cannot be completely avoided in the course of reform, it will be very harmful to the people and the country if this problem is not seriously analyzed and allowed to spread.

Eliminate Misconception and Walk out of the Blind Zone

Some people always think that our economy can develop at a high speed, that we can very soon catch up with or get close to the developed countries of the West in terms of living standard, and that the existing problems are caused by unsatisfactory work in reforms. As a matter of fact, even successful reforms can only create new economic and social operation mechanism to increase the benefits of the entire society and can only ease up but not

fundamentally overcome or eliminate the basic conditions restricting economic development. Nor can they solve all contradictions which have accumulated over a very long period.

Modern history tells us that the economic growth of a big country is inevitably a slow process. The United States took 200 years to increase its per capita GNP from \$250 to \$7,000. Japan's economic growth was faster and yet it still took 100 years to increase its per capita GNP from \$100 to \$3,000. Our country has a very large population, our starting point was much lower than theirs, our restricting factors are more than theirs, and our historical burdens are heavier than theirs. As far as the starting point is concerned, when the major industrialized countries (with the exception of Japan) entered a period of economic growth, their per capita GNP all exceeded \$200, but ours was less than \$100. Regarding the restricting factors, the basic characteristics of our country are: An excessively large population; a poor foundation to start with; a low education, cultural, scientific, and technological level; our per capita natural resources are below world averages; and our per capita GNP is less than most other countries. Regarding historical burdens, the length of the period of the feudal society has been seldom seen in the world.

At present, we have heavy burdens handed down from the past and serious obstacles that are bound to appear in the course of economic development; we have the long-standing problem of a rapid expansion of the population and will soon have the new problem of a seriously aging population; we have problems brought about by shifting our economy from the product economy to the commodity economy and difficulties brought about by shifting our economy from the natural economy to the commodity economy; and the high input-output rate of the economically-developed eastern areas need investment to utilize the opportunity provided by international economic readjustment, while the economically-backward Western areas also need assistance to shake off poverty. As a result, once an obstacle is removed, another is often brought out. Problems discovered in the course of construction and reform are more than expected.

It is thus very clear that it is not possible for China to achieve quick successes at all no matter what kind of system is instituted and how capable the leaders may be. If we look back on the past 40 years, we shall find that a comparatively large blind zone always existed in our analysis and assessment of the essential characteristics and economic development of our country. We often overestimated the favorable conditions for economic development, put forward excessive demands on and excessively high targets for economic development, and overestimated our ability to solve problems. As a result, we have already paid costly prices. It is to be regretted that some comrades have not yet really drawn a lesson from our bitter experience.

More Haste, Less Speed and Hopes Become Disappointments

If we look carefully, we shall find that more than half of the problems and undesirable phenomena in our social life at present are related to the idea of achieving quick successes.

High targets and high hopes of economic development led to an overheated economy and expansion of investment and both the urban and rural areas in China became a large construction site. As a result, inflation occurred, the production of energy, communications, raw and semifinished materials could not bear the pressure, and the brakes had to be slammed on.

Hopes of excessively high consumption, together with the lack of a controlling mechanism, gave rise to indiscriminate issuance of bonuses in cash or kind in enterprises and expansion of purchasing power of institutions. Following increases in production costs, prices of products were increased to bring in more income. Since there was too much cash in the hands of the people, devaluation occurred and the price index rose by more than two digits.

The theory of quick success also gave rise to a sense of comfort and contentment among our people and thinned out their sense of worry and anxiety. As a result, it was impossible to reach a consensus among all the people of our country concerning the protracted nature, arduous nature, and hardships of reform and development. The people are unable to bear any setbacks because they are not ideologically prepared for a long-term arduous struggle.

Excessively high hopes resulted in greater disappointments. Since quick successes could not be attained, pessimist sentiments increased abruptly. Despite notable and considerable achievements made in the past 10 years of reform, complaints and curses were heard everywhere.

Forsake the Theory of Pessimism and Forge Ahead Steadily

The theory of quick success has exaggerated our strong points and favorable conditions, while the theory of pessimism has exaggerated our country's shortcomings and unfavorable factors.

In our country, both high-ranking leaders and ordinary people have a strong desire to break with poverty and backwardness. The Chinese people have great potential creativity. We are gradually getting rid of the old structure which restricts our creativity and are reestablishing new and vigorous economic and social structures. We have attained world-acknowledged successes in this aspect. We have set up a central political power which is more powerful than any other in any period of our history. We have also formed organizations capable of

mobilizing and utilizing all the resources and strength of the society. Our society is stable and there is no political turmoil. These favorable conditions should not be underestimated.

As far as material conditions are concerned, although our per capita resources are lower than the world average, our total resources are complete and great in quantity. We have already built a relatively complete industrial system and a system of national economy. We have a powerful scientific and technological force. These are our valuable assets.

The fundamental problem in our economy is that results in scientific and technological research cannot be turned into productive forces effectively and in good time, the economic results of enterprises are too low, and the people's enthusiasm is not fully aroused. For example, everybody is worried about an energy shortage, but energy needed for yielding \$1 of the GNP is three to four times more than that in France and Japan. If we can extensively use advanced energy-saving technology and practice economy so that the unit consumption of energy in our country can be reduced by 50 percent, that is, reduced to the level between Brazil and India, we shall be able to double the GNP of our country with existing energy output.

These problems are caused by structural drawbacks, twists in prices, and mistakes in macroscopic regulation, but each of us is also responsible for them. In a certain sense, problems are precisely potentials. That there are many problems precisely shows that the potentials are great.

The purpose of our reform is to solve existing problems in our social life and to liberate the productive forces. The general direction of the reform in the past 10 years has been correct. Of course, negative phenomena in the social life at present are numerous, but they are not caused by a wrong direction in reform. One negative phenomenon is temporary chaos which is bound to appear in the course of major social changes. Others are manifestations of problems handed down from the past. Still others are brought about by insufficient determination, ineffective measures, and improper methods in reform. They are entirely different in nature from problems that occurred in the "Great Cultural Revolution" and in those years when "class struggle was regarded as the key link." At that time, it was necessary for us to change the general line and general policy of the party and government, but at present, it is necessary for us to resolutely carry out overall reforms and to make readjustments in methods and steps.

In his book "The Third Wave," Toffler said: "Covered by chaos and turmoil are astonishing hopes and prospects." He held that "there is no reason to feel pessimistic or hopeless. Many things that have led to the tremendous danger today are a potential force that will open the door to future." There is no "tremendous

danger" in China today and the chaos and turmoil we see at present may precisely be the "front tidal waves" heralding the birth of the new structure. If so, still less should we feel pessimistic.

Circular Calls For Price Inspection by Workers
OW1503043089 Beijing XINHUA Domestic Service
in Chinese 1232 GMT 9 Mar 89

["Local Broadcast News Service"]

[Text] Beijing, 9 Mar (XINHUA)—The State Administration of Commodity Prices, the All-China Federation of Trade Unions, and the Ministry of Finance issued a joint circular recently calling on all localities to step up the work of having workers supervise and inspect commodity prices.

The circular said: The workers price supervision stations in all cities, large- and medium-sized cities in particular, should send their workers to step up their rounds of routine price inspection in the markets. The inspection should focus on the prices of consumer goods and nonstaple foods that are closely connected with urban residents' everyday life as well as the prices or fees charged by food, service, and repair enterprises and commodity prices and collectible fees posted in market fairs. If a workers price supervision organization finds any indication of profiteering with major means of production or wanton price increases of commodities in short supply, it should actively report such findings to a price inspection department and help the department in charge of inspection in carrying out investigation and dealing with the case.

According to estimates of the departments concerned, 30 provinces, autonomous regions, and municipalities throughout China have launched workers price supervision activities. At present, there are more than 11,000 workers price supervision stations across the country.

Key State Projects To Receive Attention
OW1103150589 Beijing XINHUA in English
1037 GMT 9 Mar 89

["Roundup: China Concentrates on Key State Projects"—XINHUA headline]

[Text] Beijing, March 9 (XINHUA)—Despite the austerity program it is pursuing to control inflation, China will still guarantee the construction of state key projects, a senior official said here today.

This year's proportion of the investment in the field to the national total in capital construction will not be lower than last year, said the official from the State Statistics Bureau, but he refused to give the specific figure.

The fund for key state projects last year reached 42.1 billion yuan, accounting for 27.3 percent of the national total for capital construction.

What Chinese officials and economists call "key state projects" refers to those "that are vital to the national economic and social development". They comprise projects in industry, agriculture, science and technology, culture and education, stressing energy, raw materials and transportation—now weak links in the country's economic structure.

The work to gather funds for the construction of such projects began in 1984 and kept accelerating in each of the following years.

Statistics show that in 1984, 123 key state projects were undertaken, with an investment of 17.6 billion yuan. The figures came to 169 and 22.7 billion yuan, respectively, in 1985 and climbed to 206 and 36.2 billion yuan, respectively, in 1987.

By the end of last year, 9.99 million kw of power generating capacity had been added, two million kw more than in the state plan, hitting an all-time high. Also added was 30.9 million tons of coal production capacity, 15.77 million tons of oil and 1.16 billion cubic meters of natural gas.

In 1988 China also completed the construction of 1,487 km of electrified railway lines and port projects capable of handling 8.78 million tons of cargo a year.

However, problems of overspending and delay still exist in the field. Specialists here note that the large scale of construction and uncontrolled budgets are the two main reasons behind the problems.

In their opinion, joint efforts by the central and local governments should be made to construct the key state projects. If a certain project is also beneficial to a locality, they said, funds must be drawn from there, too.

Also, the specialists pointed out, an economic responsibility system must be established and applied to the whole process of the construction from the very beginning.

Book on Technology Policies Published
OW1203143389 Beijing XINHUA Domestic Service
in Chinese 1423 GMT 10 Mar 89

[By reporter Jiang Zaizhong; "Local Broadcast News Service"]

[Text] Beijing, 10 Mar (XINHUA)—With the State Council's approval, the State Science and Technology Commission and the State Planning Commission have today published the main points of China's technology policies in 14 different fields. They have been included in a blue book, which has been published for distribution.

This book, "China's Science and Technology Blue Book No. 1," contains the main points of the technology policies that the State Council has approved and promulgated since 1986 in 14 different fields; namely, energy,

transportation, telecommunications, agriculture, consumer goods industries, machine-building industry, raw materials industry, building materials industry, urban construction, village and town construction, urban and rural housing construction, environmental protection, information technology, and biotechnology.

1988 Imports Experience Quality Problems
*OW1403004689 Beijing XINHUA Domestic Service
in Chinese 1447 GMT 8 Mar 89*

["Local Broadcast News Service"]

[Text] Beijing, 8 Mar (XINHUA)—On 8 March, Zhu Zhenyuan, director of the State Administration of Import and Export Commodities Inspection, disclosed that the quality of approximately one-fifth of the commodities imported by China in 1988 was not up to standards. This problem should alert all fields of endeavor to be on guard.

At a press conference held for the "Commodities Inspection Law," which was recently passed by the National People's Congress, Zhu Zhenyuan said: China's commodities inspection departments inspected a total of more than 70,000 consignments of imported commodities in 1988. Among them, the quality of 15,900 consignments were found to be below standard. Most conspicuous was the problem of the quality of imported machinery, electrical equipment, and small package facilities. The problems of adulteration with counterfeit material and shortage were also found in the shipments of some imported materials for processing such as timber, sheep's wool, rubber, and plastic resin, among others. We also found comparatively greater quality problems in the Taiwan products transhipped by some Hong Kong businessmen.

Budget Allocation for Agriculture Announced
*OW1003142989 Beijing XINHUA in English
1122 GMT 9 Mar 89*

[Text] Beijing, March 9 (XINHUA)—The central and local governments in China will earmark for agriculture this year 10 percent of the newly created budget regulatory fund, Deputy Minister of Finance Chi Haibin announced today.

From January 1 this year, the State Council began to levy a tax on the extra-budgetary resources of all state-owned businesses and institutions. These resources have been increasing at an annual rate of 20 percent.

Chi said that most of the resources used to be invested in fixed assets, such as the construction of hotels, the processing industry and the expansion of China's consumption fund.

He urged all financial departments to improve their collection and management of the tax. He said no department is allowed to approve reductions in or exemptions from the tax on their own initiative.

Cultivated Area Shrinks 500,000 Hectares Yearly
*HK1103010889 Beijing CHINA DAILY in English
11 Mar 89 p 1*

[By staff reporter Gu Chengwen]

[Text] China's cultivated land area has shrunk at an annual rate of about 500,000 hectares over the past three decades and there are no very effective ways to stop this, according to a planning official.

Lu Yiji, head of the Resource and Geology Department under the State Planning Commission, said that 35 percent of the remaining land suffers from erosion, desertization, waterlogging or salinization. Half of the lands lack phosphorus.

Grain growing land was expanded between 1949 and 1957.

Lu said in an interview that most of the lost lands are used by industries in or around cities and they are usually high yielding soils.

This problem is much worse in the rich and densely populated east than in the poor west.

The government's flexible policies have enabled a huge number of surplus farmers in the east to transfer into township industries, which usually occupied the country's richest lands.

When the farmers are allowed to compete to make money, some of them changed the cultivated lands into fishing ponds, poultry farms or orchards.

This is another cause for the decrease of cultivated lands.

Li said it takes time to cultivate newly reclaimed waste lands into producing ones.

Besides, this work needs large funding.

He calculated by the year 2050, China's population will go beyond 1.5 billion. If the per capita grain consumption is 500 kilogrammes, China can afford to reduce the cultivated land by only 100,000 hectares per year.

"It will be a very hard job," Li said.

Last year, the figure was 330,000 hectares. The target for 1989 is lower.

To solve the land problem, the central government has imposed land consuming quotas to provinces, which carry out strict management over lower levels.

Whoever wants to use cultivated land for non-agricultural purpose needs approval.

This even covers farmers building their own houses.

Big land users have to ask for permission from provincial authorities or sometimes from the central government.

Since 1987, a cultivated land occupation tax has been collected. The fund is used for land reclamation.

Seven million hectares of land across the country that were wrongly converted to other uses gradually will be changed back into grain growing.

Commodity Grain Production Bases Prove Effective
OW1303070889 Beijing XINHUA in English
1030 GMT 10 Mar 89

[Text] Beijing, March 10 (XINHUA)—Commodity grain production bases built during the Sixth 5-Year Plan period (1981-1985) have achieved good results, according to Liao Jinkui, an official from the State Statistics Bureau.

Last year, she said, when China experienced a nationwide drop in grain production, the decrease rate in 50 grain-base counties was only 0.4 percent compared with the previous year, much lower than the national average of 2.2 percent.

In 1983, China started construction of 170 commodity grain production bases in 19 major grain-producing provinces. The arable land in these counties accounts for 15 percent of the country's total and grain production accounts for 19 percent.

During the 5 years from 1981 to 1985, China invested 600 million yuan to improve irrigation conditions, establish rural agricultural technology centers, and buy farm machinery in 50 commodity grain production counties. Now, nearly 10 million farmers have received training in agricultural technology, Liao said.

She added that these counties will play a vital role in China's grain production if investment is ensured since they now have better transportation and soil conditions, and good farm facilities.

East Region

Anhui Leader Addresses Public Security Conference
*OW1003145789 Hefei Anhui Provincial Service
in Mandarin 1100 GMT 28 Feb 89*

[From the "Provincial Hookup" program]

[Text] The provincial conference on public security work, procuratorates, and the judiciary closed in Hefei on 27 February. Lu Rongjing, secretary of the Anhui Provincial CPC Committee and governor, spoke at the conference. He said: Under the new situation, party committees and governments at all levels must attach great importance to public security work, procuratorates, and the judiciary, and ensure good social order. The party Central Committee has stressed two major tasks. The first is to ensure that this year's price increase will be considerably lower than last year's. The second is to ensure good social order and strive to make it better than last year's. These two tasks are closely connected with each other. Whether we can accomplish these tasks is a test for the leadership and [words indistinct] ability of our party and government. The people are waiting to see how these two tasks will be carried out. If the party and government live up to their pledges, they will win the confidence of the people, and reform and construction work will then be carried out smoothly.

Lu Rongjing said: Supporting the party's leadership over the work of public security departments, procuratorates, and the judiciary is our fine tradition, our asset, and a need of the current situation. Separating party functions from government administration does not mean that the party should give up or relax its leadership over work of public security departments, procuratorates, and the judiciary. On the contrary, the party should further strengthen and improve its leadership over this work. Public security departments, procuratorates, and the judiciary should do away with the old practices of the party leading the government, of what leaders say predominate the law, and of paying attention to the details of too many things under their administration. At the same time, they should correct the actual situation in which they dare not exercise their power when they should. According to the guidelines set by the 13th CPC National Congress, the party's leadership over public security work, procuratorates, and the judiciary should mainly be in the political and ideological field, and in providing guiding principles and policies for carrying out the work. Party committees should devote major efforts to unifying the thoughts and actions of workers in public security, the procuratorates, and the judiciary, and ensure that departments concerned do their work according to the law. They should provide policy guidance within the bounds of law for departments of public security, procuratorates, and the judiciary to enforce the law. They should coordinate their work in order to enable it to better serve reforms and construction through enforcing the law.

In regard to taking comprehensive measures to improve social order, Lu Rongjing urged party committees and governments at all levels to attach importance to the work, include it in their work agenda, and centralize and strengthen their leadership over the work. He said: All party committees and governments should assign someone to take charge of this work, carry out the policy of holding the person who is in charge of the work responsible for the work, and gradually embody this work system into the form of law. If a social order problem arises in a locality or unit, the party committee of that locality or unit and the person who is in charge of the work of public security departments, procuratorates, and the judiciary should be investigated for negligence of duty before local public security departments, procuratorates, and the judiciary are investigated. Lu Rongjing also urged provincial Communist Party members to act undauntedly in maintaining social order and to play an exemplary vanguard role in fighting crime.

At the conference, the committee on public security work, procuratorates, and the judiciary of the provincial CPC Committee commended 26 advanced collectives and 213 advanced individuals in this work. They were presented medals and certificates of merit. Meng Fulin, deputy secretary of the provincial CPC Committee, presided over the conference on 27 February. Attending the conference were responsible persons of the party, government, and military of Anhui Province, including Shi Junjie, Zhao Bailing, (Wang Shengxing), Shao Ming, (Tong Guanghua), Zheng Rui, and (Fu Xiuhe), as well as members of the committee on public security work, procuratorates, and the judiciary of the provincial CPC Committee.

Shandong Secretary at Meetings on Honesty
*SK1503093589 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 12 Mar 89*

[Excerpts] A few days ago, while gathering news on the grounds of the provincial party committee building, our reporter heard a strange thing. That is, during this Spring Festival period many people from subordinate and related units who went to provincial-level organs to offer Spring Festival gifts to leaders at higher levels were denied entrance. Even those gifts which were sent to the houses of department and bureau directors have all been turned over to the public.

A comrade of the provincial Discipline Inspection Commission told our reporter that at the end of last year, right after the new term of the provincial party committee assumed office, two Standing Committee meetings were held to discuss promoting administrative honesty. At these two meetings Jiang Chunyun, secretary of the provincial party committee, pointed out that the new term of the provincial party committee should first attend to promoting administrative honesty, and should create a new work situation making a breakthrough in this respect. In line with the demand of the provincial party committee, various departments directly under the

provincial authorities made an overall arrangement for promoting administrative honesty before Spring Festival. The chief procurator and three deputy procurators of the provincial People's Procuratorate wrote a joint letter on ensuring administrative honesty. They printed and distributed this letter to various organs and branch procuratorates in various cities and prefectures in order to subject themselves to the supervision of the judicial cadres and policemen throughout the province. [passage omitted]

Our reporter also discovered an honest practice from report data provided by the provincial Discipline Inspection Commission. That is, during the Spring Festival period, while going deep among the grass-roots areas to conduct an investigation, Secretary Jiang Chunyun and Governor Zhao Zhibao refused to attend feasts and persisted in having simple meals. [passage omitted]

According to incomplete statistics, the 38 departments and bureaus directly under the provincial authorities have rejected gifts on 143 occasions. Currently the false reasoning that it is foolish to reject gifts has become unpopular among the provincial-level organs.

Shandong Provincial CPPCC Work Report Noted
SK1503044889 Jinan DAZHONG RIBAO
in Chinese 24 Feb 89 p 2

[Excerpts] On the morning of 23 February Xu Wenyan, vice chairman of the provincial Chinese People's Political Consultative Conference [CPPCC] Committee, gave a report on the Standing Committee's work at the second session of the Sixth Provincial CPPCC Committee.

In his report, Xu Wenyan reviewed the work of the Sixth Provincial CPPCC Committee. He said: Under the 6th Shandong Provincial CPC Committee's leadership, the committee conscientiously implemented the guidelines of the 13th CPC Congress, focused its work on the central tasks of the party and the government, conscientiously performed its basic functions and duties of giving political consultation and democratic supervision, and achieved new progress in all fields of work.

1. We conscientiously studied and implemented the 13th National CPC Congress' guidelines and unceasingly renewed our ideology and concepts. During the past year this committee organized and urged its members to conduct various kinds of study activities with the 13th National CPC Congress guidelines as the content. In close connection with the reality of their thinking and practical work, the committee members profoundly studied the 13th National CPC Congress documents and enthusiastically discussed the significance of the 13th National CPC Congress in our united front work. At the same time, the provincial CPPCC Committee also studied, relayed, and implemented in a timely manner the series of major policy decisions made by the party Central Committee, the State Council, the provincial party committee and government. [passage omitted]

2. We actively performed our basic functions and gradually enhanced the level of participation in, and discussion of, political affairs. Under the leadership of the Shandong provincial party committee and with the active support of the provincial people's government, we achieved new progress in developing the content, forms, and systems of our province's political consultation and democratic supervision. The Shandong Provincial Party Committee and people's government adhered to the policy of reporting the major situation to the provincial CPPCC Committee in a timely manner, and discussing major policy decisions with the people from all walks of life, and created conditions for the committee members to become aware of the facts and to exert their efforts. Through holding regular meetings and forums with the people from all circles, the provincial CPPCC Committee also organized the committee members to participate in the discussion of the State Council's "Government Work Report," the "Initial Plan for Price and Wage Reforms," and the "the Draft Basic Law for the Hong Kong Special Administrative Area of the PRC," and participated in the discussion on our province's national economic and social development plan, the medium-term plan for structural reform, the economic development strategy for the coastal areas, and on major personnel arrangements. During the past year, in line with the provincial party committee's strategic plan on "opening the eastern part of the province to the outside world, developing the western part, and combining the efforts of the east and west to achieve common development," and in accordance with the major issues of people's common concern, this committee organized more than 160 members to attend 24 special investigation activities one after another and produced more than 20 investigation reports, some of which personally read and commented on by the leading comrades of the provincial party committee and the provincial government. Others were published in the periodicals of the party and government organs. [passage omitted]

All democratic parties and the Federation of Trade Unions displayed an important role and achieved great success. Since the first plenary session of the sixth provincial CPPCC Committee, we have accepted and handled 395 motions raised by committee members. All these motions were handled by the end of last year. About 74 percent of the questions raised by the committee members were resolved or are being resolved. These motions reflected the people's wishes and demands and played an active role in promoting our province's economic and social development.

3. We readjusted and replenished the organizations and organs, and strengthened routine work. Proceeding from the situation facing the CPPCC committees and the tasks they shouldered, this committee further readjusted and replenished work organs; abolished work group committee; retained four original committees: the Study, Motions, Cultural and Historical Data, and the Reunification of the Motherland Committees; and established

three additional committees: the Committee on Economics, Science, and Technology, and Committee on Culture, Education, and Public Health, and the Social Political and Legal Committee. Thus a total of seven special committees were formed with vice chairmen taking the concurrent posts as directors of these committees. These committees served as the permanent work organs of the provincial CPPCC Committee. In order to facilitate the work, these special committees also set up various work groups to carry out activities. In order to strengthen guidance over the CPPCC work of counties and cities under the jurisdiction of the prefectural governments, the provincial CPPCC Committee in turn set up department-and bureau-level CPPCC work liaison groups in Dezhou, Huimin, Linyi, Heze, and Liaocheng Prefectures. [passage omitted]

Remarkable results were achieved in the Reunification of the Motherland Committee's work. Last year we also helped the national CPPCC Committee to successfully organize three groups of national CPPCC Committee members, totaling more than 150 people, living in Beijing, Hong Kong, and Macao to inspect Shandong. We also organized activities to commemorate the 60th anniversary of the 30 May Massacre, held regular activities for provincial CPPCC Committee members living in Jinan, and sponsored painting, calligraphic, and arts exchanges. We also improved the work of handling and receiving people's letters and visits and were praised by the relevant committee members and personages.

4. We established and improved rules and regulations and set norms for consultation and discussion. In line with the relevant stipulations of the CPPCC regulations and the 13th National CPC Congress' demands on CPPCC work, this committee formulated one after another the work rules of the Standing Committee, the system of holding regular chairman and vice chairmen meetings, work rules for secretary general and deputy secretaries general, general rules for the various special committees and organizations, detailed rules for motions work, and a trial method of strengthening ties with committee members. In accordance with their own tasks, the special committee also formulated general work rules. The establishment of these rules and regulations made the duty limits, the rules for discussion and working procedures of the various levels and departments of the provincial CPPCC Committee more clear, and their work become more standardized. Of these systems, the system of holding Standing Committee meetings was aimed at increasing the number of special discussion meetings of Standing Committee members to discuss and adopt major suggestions; the system of holding chairman and vice chairmen meetings was aimed at stressing the principle of collective leadership and manifesting the demands of having leaders to grasp and discuss major affairs; and the system of holding secretary general and deputy secretaries general meetings was aimed at further clarifying advisers and assistants' duties and responsibilities in coordinating the relations of various sectors and in organizing them to implement

the rules, regulations, and systems in an effort to guarantee normal performance of various work organs and the smooth progress of various tasks.

5. We kept an eye out on deepening provincial CPPCC work and further strengthened ties with the city and county CPPCC committees and the guidance over them. Based on investigations and study, and in line with the guidelines of the 13th National CPC Congress and the reality of CPPCC work, this committee drafted the "Suggestions for Strengthening and Improving Provincial CPPCC Work." The provincial party committee paid great attention to these suggestions and approved and transmitted them in a timely manner. The party committees at all levels conscientiously implemented this document transmitted by the provincial party committee. Some party committees held meetings on CPPCC work and some issued documents on strengthening CPPCC work to the lower levels and supported and helped the city and county CPPCC committees to improve their organs, replenish their personnel and improve their working conditions. The provincial CPPCC Committee also held a meeting of liaison group leaders of various prefectures to further clarify the nature, tasks, and work methods of the prefectural liaison groups. Responsible comrades of the provincial CPPCC Committee also unceasingly went to city and county CPPCC committees, through holding forums or paying visits individually, to understand their situations, listen to their opinions, and give them guidance.

Xu Wenyuan said: While summarizing achievements, we must also recognize that there are still many defects and deficiencies in our work, which are mainly manifested in the following: Our ideology and understanding cannot meet the demands of the new situation and new tasks, political consultation and democratic supervision have not yet been realistically regularized and institutionalized, there are no major breakthroughs in offering overall plans, and the provincial CPPCC organs have failed to take initiative in establishing ties with the committee members, various democratic parties, the mass organizations, and the various functional departments of the government. All these should be conscientiously studied and improved. He said: This is an important year to improve the economic environment, rectify economic order, and comprehensively deepen reform. We must conscientiously study and implement the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and the 5th provincial party congress, focus our work closely on the party and government's central tasks, extensively unite with persons from various circles, fully promote socialist democracy, actively participate in improving the economic environment and rectifying the economic order, and make new contributions to developing the social productive forces, building socialist democratic politics, and promoting the peaceful reunification of the motherland. [passage omitted]

Shanghai Leaders Plant Trees 9 March
OW1403004489 Shanghai City Service in Mandarin
2300 GMT 9 Mar 89

[Excerpts] It was exceptionally warm in Shanghai on 9 March. Leaders of the municipal party committee, the municipal Advisory Commission, the municipal People's Congress Standing Committee, the municipal government, the municipal CPPCC Committee, and PLA units stationed in Shanghai took part in tree planting early yesterday morning as vanguards of the army for afforestation.

In the early morning, leaders of the municipal government and CPPCC Committee, including Huang Ju, Gu Chuanxun, Ni Tianzeng, Xie Lijuan, Ni Hongfu, and Xu Yifang went to Putuo District to plant trees. [passage omitted]

At 1500, leaders including Jiang Zemin, Chen Guodong, and Ye Gongqi, together with cadres of the municipal party committee, the municipal Advisory Commission, and the municipal People's Congress Standing Committee, planted hundreds of pine and cherry trees in Lingnan Park in Zhabei District. [passage omitted]

Central-South Region

Hainan Secretary Stresses Flexible Government
OW1503025589 Beijing XINHUA in English
1446 GMT 14 Mar 89

[Text] Beijing, March 14 (XINHUA)—The main function of Hainan's provincial government is to strengthen the economic and social environment, maintain market regulations and formulate firm plans for more flexible overall development, according to a provincial leader.

Xu Shijie, secretary of the Hainan Provincial Communist Party Committee, makes the remarks in the latest issue of "QIUSHI" (SEEKING TRUTH), a theoretical magazine published fortnightly by the Central Party School.

Xue said in an interview that the Hainan government system is characterized by what he described as "small government and big society," which is reflected in five aspects.

These consist of separating party and government functions, establishing a reasonable government administration, streamlining government procedure, decentralizing decisionmaking power, and perfecting the legal system.

He said the present system of government is based on the specific political and economic conditions of Hainan, where many ownership systems are allowed to co-exist and both private and government-run firms are encouraged to compete equally under the law.

For a society such as Hainan, he points out, the government should be small in size and confine itself mainly to public affairs instead of taking sole responsibility for every aspect of development—which is, in any case, impossible.

He stressed that structural reform in Hainan must be carried out against the background of a developing market economy.

Thus to accelerate the development of Hainan's overall economy, decisionmaking power must be decentralized and initiatives appropriately apportioned between the public and private sectors.

Hubei CPC Committee Holds Plenary Session
HK1403010589 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 11 Mar 89

[Excerpts] The Fifth Hubei Provincial CPC Committee held its Second Plenary Session in Wuchang from 6 to 10 March. The main themes were to: study the important guideline laid down by the CPC Central Committee; acquire a more profound understanding of the principle of attaching importance to both aspects, especially the need to strengthen party building; formulate a plan to step up party building throughout the province; and to carefully analyze the province's economic situation and formulate measures to cope with imminent problems in industrial and agricultural production. Provincial party Secretary Guan Guangfu and Deputy Secretaries Guo Zhenqian, Zhao Fulin, and Qian Yunlu presided over the plenary session in turn.

On behalf of the provincial party committee's Standing Committee, Guan Guangfu delivered a work report entitled: Earnestly Implement the Principle on the Necessity of Attaching Importance to Both Aspects in Work Related to the Party Committee. Comrade Guan Guangfu's report consisted of four parts: 1) Party committees at all levels definitely must uphold the principle of attaching importance to both aspects as a long-term guideline and implement it throughout the process of socialist modernization; 2) It is necessary to vigorously strengthen party building, maintain honest and clean government, enhance solidarity within the party, and increase the party's appeal; 3) It is necessary to work very hard and in a down-to-earth manner, overcome difficulties, and earnestly solve current imminent economic problems; 4) The provincial party committee and all leading bodies at and above county level must take the lead in implementing the principle of attaching importance to both aspects and in strengthening party building.

After conscientious discussion and examination the plenary session unanimously approved this report and adopted a resolution on Comrade Guan Guangfu's report submitted to the plenary session.

In accordance with the idea that the provincial party committee and leading bodies at and above the county level must take the lead in strengthening party building and maintaining honest and clean administration, the plenary session adopted some regulations for the self-improvement of the Fifth Hubei Provincial CPC Committee, and the resolution by the Second Plenary Session of the Fifth Hubei Provincial CPC Committee on the enhancement of honest and clean government. At the same time members of the provincial Advisory and Discipline Inspection Commissions also discussed and adopted regulations for the further self-improvement of both commissions.

The plenary session analyzed the present situation regarding ideological and political work and, in particular, party building. An analysis was also made of the current economic situation. The plenary session held that during the past few years, especially since the 13th CPC National Congress, party organizations at all levels throughout the province have done much work in firmly upholding the party's basic line—one center and two basic points, and thus have played their role as leading centers and powerful fighting forces in this new historical period quite well. The vast majority of party members have been honest in performing official duties, shown initiative in their work, and played exemplary roles. Their efforts have ensured steady economic progress in the province. After a few months of effort the province has made initial success in the operation to improve the economic environment and to rectify the economic order. However, new problems have emerged in the ideological and political field, in party building, and in economic work. It is true that a small number of party members have failed to stand the test that members of the ruling party have to face in the process of reform and opening up. As a result the party is suffering from a certain degree of corruption, slackness, and demoralization; and it has to fight against the practice of exchanging power for money. In the operation to improve the economic environment and to rectify the economic order, it is necessary to cool the overheated economy. The province has been faced with a decline in industrial output and financial revenue. Great attention must be paid to these new circumstances and problems and appropriate and effective measures must be taken to deal with them.

The plenary session held that the party committee must uphold the principle of attaching importance to both aspects if it wants to exercise overall leadership and keep the whole situation under control. [passage omitted]

The plenary session emphasized that it is necessary to administer the party strictly and to devote great efforts to the party's self-improvement. [passage omitted] Both the provincial party committee and all leading bodies at and above county level must take the lead in strengthening party building so that their work will give an impetus to development of the situation throughout the province. [passage omitted]

The plenary session held that while striving to promote industrial and agricultural production, it is necessary to keep commodity prices under strict control and to make every effort to ensure that any raise in the price level this year is markedly lower than the raise last year. [passage omitted]

Secretary Addresses Plenum

HK1503004989 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 12 Mar 89

[Excerpts] During the Second Plenary Session of the Fifth Hubei Provincial CPC Committee, provincial party committee Secretary Guan Guangfu made a report on behalf of the Standing Committee of the provincial party committee. In his report he emphasized that party committees at all levels must take the principle of attaching importance to both aspects as a long-term guideline for their work and uphold this principle throughout the process of socialist modernization.

Guan Guangfu said: How to uphold the principle of paying attention to ideological and political work while promoting the socialist commodity economy is an essential theoretical problem that we must solve in building socialism with Chinese characteristics. This is also an important guideline that we must firmly adhere to in actual work. All party committees and governments definitely must enhance their understanding of the important significance of the principle of paying attention to both aspects. They must persistently pay attention to, and learn how to deal with, both aspects. Those who work with party committees must not think that economic affairs are the government's business but not theirs, and those who are engaged in economic work must not think that ideological and political work is none of their business but the party committee's duty. Both of them should take care of both aspects. The party committee is to study and work out policies, principles, and major decisions concerning economic operations, and should not take on what ought to be done by the government. Those who are responsible for economic operations should not focus their attention solely on economic affairs. We do not realize that the principle of attaching importance to both aspects is correctly implemented if the problem of corruption and demoralization is not resolved even though the economy is booming, or if the economy stagnates, the target of improving the economic environment and rectifying the economic order is not fulfilled, and the price index is not under control even though attention seems to have been paid to party building. [passage omitted]

Guan Guangfu urged party organizations at all levels to vigorously strengthen party building, maintain honest and clean government, and increase the solidarity and appeal of the party.

Guan Guangfu said: Most party organizations and party members in our province are full of vigor and vitality. But, indeed, a small number of party members have

failed to stand the test that members of the ruling party have to face in the process of reform and opening up and they have fallen behind the ranks. It is also true that the party is being threatened by corruption and demoralization and is being undermined by the practice of exchanging power for money. We must uphold the principle of administering the party strictly, devote great efforts to the self-improvement of the party. [passage omitted]

As far as the development of honest and clean government is concerned, we must first strive to establish the system and second to investigate and handle cases, especially cases involving practices of exchanging power for money, corruption, bribery, illegal purchases, and reselling of goods in pursuit of staggering profits, unauthorized building of private houses in violation of discipline, and extravagance and waste at the expense of public interests. It is necessary to pay particular attention to dishonest practices among cadres and party members. All these cases must be handled very seriously and no appeasement is allowed. At the same time, it is necessary to more vigorously improve the party ideologically, organizationally, and in terms of discipline and work style.

Guan Guangfu said: The basis of party work is at the grass-roots level. It is necessary to distinguish between different types of party organizations, give different guidance, and strengthen the party's grass-roots organizations. Party building in enterprises should focus on changing party organizations' functions, straightening out relations between the party and management, and readjusting their respective roles as soon as possible. For the time being, the building of grass-roots party organizations in rural areas must be oriented to the main goal of developing the commodity economy. It is necessary to introduce a competition mechanism, strengthen party branches as leading bodies, and give full play to the key role of county party committees in party building in rural areas. At the same time, it is necessary to encourage party members to do credit to the party and do the people good turns. As for party building in colleges and universities, the adherence to the orientation of education and the overall training of students must be taken as the fundamental tasks. At present, it is necessary to attach particular importance to ideological development and to strengthen ideological and political work among teachers and students. Party and government organizations at all levels must set examples in administering the party strictly, do a good job in educating party members, improve the quality of party members, and thus ensure that all tasks are properly completed.

Comrade Guan Guangsu emphasized that it is necessary to work very hard and in a down-to-earth manner, overcome all difficulties, and earnestly resolve all current economic problems. He noted: The province has witnessed a decline in industrial output and financial revenue in the first 2 months of this year. In light of this serious situation, we must first be sure about what attitude we are going to take toward the difficulties and

in what way we are going to deal with them. [passage omitted] The correct attitude is to steadfastly implement the policy laid down by the 3d Plenary Session of the 13th CPC Central Committee, cast away illusion, prepare for struggle, work very hard, and be prepared for a hard time. We must make efforts to readjust the economic structure and to raise efficiency and labor productivity, work out measures to expand reproduction, bring the province's advantages into full play, fully tap the province's great potential, increase effective supply, and strive to achieve the integration of economic results, growth rate, and potential. [passage omitted]

Guan Guangfu said: As far as the agricultural issue is concerned, we must conscientiously carry out the policy and act in unison. Nobody is allowed to partially implement or distort policy to suit his own needs. [passage omitted]

In his report Guan Guangfu also urged local authorities to keep commodity prices under strict control, to enforce discipline in this regard, resolutely curb the practice of arbitrarily jacking up prices, and make every effort to ensure that any increase in the price level this year is markedly lower than the increase last year.

Guan Guangfu said: The provincial party committee and all leading bodies at and above the county level must take the lead in implementing the principle of attaching importance to both aspects and in strengthening party building. It is necessary to step up the self-improvement of the entire provincial party committee, he said. All members of the provincial party committee Standing Committee must take the lead in stepping up the party committee's self-improvement. They must take the lead in fulfilling all the requirements set on provincial party committee members. As for the self-improvement of party committees at and above the county level, at present we must focus our attention on improving the quality of party organizations and the optimization of the structure, and we must adopt some measures to fulfill this goal.

Guan Guangfu said: We are facing a very serious situation and very heavy tasks. But the provincial party committee believes that progress will be made in party building and new victories will be won in the reform and opening up in Hubei Province, so long as all the people in the province can prepare themselves, unite, work hard, steadfastly implement the principle of attaching importance to both aspects and the guideline calling for improving the economic environment, rectifying the economic order, and deepening the reform, resolutely strengthen party building, and give full play to the party's leading role.

Northwest Region

Gansu Government Work Report Summarized
HK1403020189 Lanzhou GANSU RIBAO in Chinese
27 Feb 89 p 1

["Summary of Government Work Report"]

[Text] Science, Technology, and Education Register Development

In his government work report, Provincial Governor Jia Zhijie said that while promoting economic development in our province science, technology, and education also registered corresponding development.

He said: Last year, in an effort to deepen reform of the science and technology structure, we adopted more flexible measures with regard to scientific research institutes and science and technology personnel and adopted various forms of contract systems in scientific research and management. The policy of "one institute, two systems" was implemented in 52 scientific research institutes, 44 percent of the total, and an accumulated total of 500 scientific research and production integrations were established. The latter included 129 integrations on a substantial basis [shi ti xing lian he 1395 7555 1840 5114 0678] which established seven enterprise groups guided by advanced science and technology. A total of 146 civilian-run scientific research institutes took an active part in developing our province's science and technology by giving play to our superiority in raw materials and other fields. To promote the course of turning the achievements in scientific research into productive forces, the treatment of intellectuals was improved and the policy of appointing county and township deputy heads to take charge of science and technology work was implemented. Since the small new-technology development zone in Ningwozhuang, Lanzhou, was established, 71 enterprises have entered the zone to develop science and technology, provide consultative services, and promote production and management. They have developed more than 240 high- and new-technology products and earned more than 24.83 million yuan profit and \$190,000 in foreign exchange. The successful production of the Lanzhou Heavy Ion Accelerator proves that China's cyclotron technology is one of the most advanced in the world.

The governor said that basic education was further strengthened last year. In our province, primary education was made universal in 36 counties. Meanwhile, conditions in rural schools were improved. The number of counties in which primary schools had reached the target of "one no, two haves" (no dangerous buildings, each class to have a classroom and each student to have a desk) increased to 48. The number of students enrolled by various vocational schools and special or technical secondary schools increased by 16 percent compared with the previous year. The enrollment ratio between vocational and technical secondary schools and ordinary middle schools was readjusted to 0.8:1. The number of

students enrolled by colleges and universities increased by 11 percent and certain readjustments were made in the courses offered. Nationality education continued to develop and some good experience was attained regarding the forms and methods of education. In nationality areas, the rate of school-age children in school increased by 2.8 percent. A number of useful personnel were trained. Some experiments were made in reforming the method of assigning graduates, like having demand and supply meet, making a two-way selection among graduates, inviting applications for vacant posts, and distributing the graduates through market regulation. Some applicable methods were adopted for exchanging and training capable people like establishing the first market for exchanging graduates. Under the situation of lacking financial resources an additional educational fund totaling 81.226 million yuan was allotted to promote education, an increase of 20.9 percent over the previous year.

There Are Still Many Problems and Difficulties in Our Economic Development

When reviewing and summing up last year's work Governor Jia Zhijie pointed out that we also clearly understand that there are still many problems and difficulties in our economic development and that there are certain shortcomings and mistakes in our government work.

1. Commodity prices have increased too violently. The general retail price index of commodities rose 18.6 percent in 1988 compared with the previous year, much higher than the planned target of 6 percent. It was also 0.1 percent higher than the national average growth rate. Due to the high inflation rate there was a trend toward sharp increases in commodity prices and panic buying. There was a shortage in the supply of some commodities, especially daily necessities, and their price increases were so violent that the masses of people found it hard to bear. Thus, the actual living standards of some urban and rural residents dropped in reality.

2. The phenomenon of overheated development appeared in economic life. Although our province's industrial growth rate was lower than the national average, the development of ferro-alloy, calcium carbide, cement, and other small industries was still too fast, adding to the difficulties in transport and supplies of energy, funds, and raw materials. Although our capital construction was controlled within the planned scope, its structure was still somewhat unreasonable. The construction of nonproductive projects, especially buildings, halls, museums, and offices was developed too fast, going beyond the bearing capacity of local finance.

3. There was a shortage of credit funds and a tight financial situation. The excessive money input, the slow increase and at one time a "slip" in deposits, and the excessive increase in credit resulted in a serious shortage of funds. As a great deal of funds were being used and commodity prices continued to rise, there was a greater demand for funds. In addition, a retrenchment policy was adopted in

the 4th quarter for extending credit. As a result some enterprises found it difficult to carry out production and management, and debt relations between some enterprises became complicated. In some places the peasants could not get cash when selling agricultural and sideline products, only blank bills. Our province's deficit reached 150 million yuan, involving 66 counties.

4. There were many public security problems. The number of serious crimes and disgusting phenomena in society, like larceny, swindling, immoral behavior, and robbery increased. The two serious cases of stealing valuable cultural relics and the rape of sick women committed by a group of hooligans in Tianshui, aroused the great indignation of the broad masses of people.

5. In family planning, we did not work hard enough in mobilizing the people, our policies were imperfect, and our measures ineffective. There were still some "dead corners" and loopholes in this work. The province's natural population growth rate increased to 15.35 per thousand from the previous year's 14.83 per thousand.

6. In some government departments, bureaucratism, low work efficiency and quality, and other problems like not observing law and discipline still existed. Some units and individuals took advantage of their power to seek private interests, gave and took bribes, and extorted money from others. They would not handle affairs for others if they were not rewarded. Although they are small in number they have a very bad influence.

Urban Economic Structural Reform Further Deepened Last Year

Provincial Governor Jia Zhijie said in his report that with enlivening enterprises, especially large and medium enterprises, as the central link, various forms of contracted management responsibility system were adopted by various fields last year, including industry, agriculture, circulation, capital construction, and science and technology.

He said that in enterprise reform, proceeding from harmonizing relations between the state and enterprises, the contracted and leased management responsibility systems were adopted, and experiments were made regarding risk mortgage, the shareholding system, and enterprise mergers. The principles of "contracting the base to ensure the profits turned over to the state" and "earning more, retaining more" were implemented so that the momentum for enterprise development could be maintained. As a result of introducing the competition mechanism and the system of advertising for managers, enterprises advanced another step toward the orientation of "independent management, assuming full responsibility for profits and losses, self-development, and self-restraint." Some 86 percent of the provincial- and prefectural-level state-owned industrial enterprises, including 91.7 percent of large and medium enterprises, were managed under the contract system. Of these, 65 percent were contracted through

bidding. The state-owned commercial enterprises that were contracted, turned to other lines of business, transformed, and leased made up 98 percent of the total number of enterprises. Of the large and medium contracted commercial enterprises, 54 percent were contracted through bidding. The contracted management responsibility system was widely adopted by various construction and communication departments. Within the enterprises a number of reforms were carried out, like reform of the: Personnel system, chiefly aimed at improving and perfecting the system of the plant director assuming full responsibility; distribution system, taking the piece-rate wage system, set-quota wage system, and the wage system based on economic returns as the main forms; labor system, with optimizing labor organization as the main task; and reform of the management system, with stress on strengthening basic construction and perfecting the contract responsibility system at various levels. As a result the enterprise operation mechanism was greatly improved.

Gansu Officials Stress Quality of New Recruits *HK1003055789 Lanzhou Gansu Provincial Service in Mandarin 0000 GMT 10 Mar 89*

[Text] At a recent meeting of the Armed Forces Commission under the provincial party committee, Provincial Party Committee Secretary Li Ziqi and Vice Governor Mu Yongji emphasized that all localities should put the quality of new recruits in first place in fulfilling this year's call-up task. Li Ziqi pointed out: The key to the work of calling up new recruits lies in their quality. All local authorities must pay great attention to the question. Young people who are eager to join the Army must be encouraged by leaders and draft organs but their quality and qualifications should not be impaired. No matter who their parents are, they should not be drafted if they are not up to the standards. Speaking on the conscription work of our province in recent years, Mu Yongji said the quality of draftees in the past few years had been good in the main but there have been instances of playing false. In this year's conscription, leaders at different levels and draft organs must put the quality of conscripts in first place, remove all obstacles and set high quality and demands on fulfilling this year's call-up task.

Gansu Secretary Addresses Discipline Meeting *HK1503083689 Lanzhou Gansu Provincial Service in Mandarin 0000 GMT 14 Mar 89*

[Text] A provincial discipline inspection conference, which closed yesterday, set the key tasks relating to discipline inspection for this year, which include further enforcing party discipline, maintaining honest and clean administration of party and government organs, stepping up investigation and handling of cases involving discipline violation, and ensuring the smooth progress of improving the economic environment and rectifying the economic order, as well as the overall in-depth development of reform.

Last year provincial discipline inspection commissions at all levels investigated and handled a total of 1,068 cases involving party members violating discipline, which resulted in inner-party disciplinary actions against 799 party members, of whom 151 were expelled from the party. Among those party members punished were 37 cadres at the county and office level and 4 cadres at the prefectural and bureau level.

This year the main theme of provincial discipline inspection work will be the development of an honest and clean government. More efforts will be devoted to the investigation and handling of cases involving party organizations and party affiliated cadres failing to carry out the orders and prohibitions issued by the central authorities and undermining the operation of improving the economic environment and rectifying the economic order, as well as cases of corruption, bribery, abuse of power, blackmail, pursuit of personal interests at the expense of the law or by using official power, serious bureaucratism, extravagance and waste, and moral degeneration. Special attention will be paid to corruption and bribery cases. On the other hand, it is necessary to step up the system's development,

strengthen the supervisory mechanism, and improve discipline inspection personnel, so as to enhance discipline inspection in a down-to-earth manner.

Wang Zhanchang, provincial Discipline Inspection Commission secretary, presided over the conference. Yan Haiwang, provincial party committee deputy secretary, attended the conference.

During the conference provincial party Secretary Li Ziqi delivered a speech. Li Ziqi said: In the process of reform and opening up, discipline inspection is an essential task, and the development of honest and clean government is a matter of life and death to the party. Discipline inspection commissions at all levels must start working from investigating and handling major and important cases and assist party committees in improving party style. He emphasized: As far as discipline inspection is concerned, it is necessary to take measures to encourage the masses to boldly expose all malpractices. Informers should be advised of the outcome of the investigations; and any person attempting to retaliate against any informer will be liable to prosecution.

Mainland-Taiwan Trade Links Will Become Closer
HK1403090489 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0837 GMT 12 Mar 89

["Commentary" by Yu Cheng (6735 2052): "Economic and Trade Ties Between the Two Sides of the Strait Will Become Still Closer This Year"—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 12 Mar (ZHONGGUO TONGXUN SHE)—Indirect trade between the Chinese mainland and Taiwan has increased by a wide margin, hitting a record high last year. There are indications that a powerful new development impetus will break last year's record.

According to statistics, indirect trade between the two sides of the strait during the first 11 months of last year amounted to about \$2.4 billion. Indirect trade exchanges between both sides for the last month were estimated at \$200 million, thus making a total of \$2.6 billion for the whole of last year. Apart from being a new record, this was an increase of \$1.08 billion over the 1987 record of \$1.52 billion, a growth of 71 percent.

In addition, Taiwan businessmen's indirect investments on the mainland amounted to \$200 million last year, a one-fold increase over the 1987 record of \$100 million. Thus it can be seen that economic and trade ties between the mainland and Taiwan are becoming more vigorous and closer. However, these were indirect trade exchanges mainly via Hong Kong. Hong Kong played an important role in these exchanges and benefited from them.

Hong Kong registered an increase of 51 percent in its reexport trade last year. This was mainly the result of the mainland's increase in its reexports. Last year the mainland carried out trade exchanges with Taiwan and South Korea via Hong Kong, because no formal trade relations have been established between the mainland and these two countries. The mainland gained a considerable increase from these exchanges. Last year the total amount of mainland commodities reexported to Taiwan via Hong Kong increased by 83 percent over the previous year, whereas the total amount of Taiwan commodities reexported to the mainland via Hong Kong increased by 66 percent over the previous year. Obviously Hong Kong's position in reexport trade is very important.

Economic and trade relations between the two sides of the strait are expected to become still closer this year. It is generally believed that this year's growth rate will not be as high as last year's. The main reason is as follows: So far the Taiwan authorities do not intend to carry out direct economic and trade exchanges with the mainland. Although Taiwan is unable to solve its serious petroleum shortage, it has decided not to import crude oil or petroleum products from the mainland, because oil companies in Taiwan are run by the government. It is possible that this decision may temporarily hamper trade development between the two sides of the strait,

but it will not hold this development back. The change from covert to overt in economic and trade contacts between the two sides of the strait is a major progress in their relations. It is expected that a further breakthrough will occur.

The Taiwan authorities and businessmen differ from each other in their appraisal of trade development and increases between the two sides of the strait. According to a forecast by the vice minister of the Taiwan "Ministry of Economic Affairs" several days ago, trade between the mainland and Taiwan will amount to \$3 billion this year, an increase of 15.38 percent over last year. But some Taiwan economic analysts believe that trade between both sides will amount to \$3.5 billion, an increase of 34.6 percent.

Taiwan businessmen's investments on the mainland will increase rapidly this year. People generally believe that Taiwan businessmen's investments on the mainland will amount to \$300 million this year, an increase of 50 percent over last year. In other words, Taiwan businessmen's investments on the mainland will amount to \$600 million over 3 years. Taiwan businessmen are fond of carrying out development abroad. The continuous revaluation of the new Taiwan dollar and the constant increase in operational costs have caused small and medium-sized companies and factories in Taiwan to seek ways to reduce the pressure. The mainland and other Asian regions serve as targets of consideration for Taiwan manufacturers' investments.

Implications of Taiwan's International Survival
OW1003154489 Beijing in Mandarin to Taiwan 0205 GMT 28 Feb 89

["Rambling Talk on Current Events" by Wen Liang: "What Kind of Room for International Survival Do the Taiwan Authorities Want?"]

[Text] As you know, the situation between the two sides of the Taiwan Strait has developed rapidly since the Taiwan authorities' partial lifting of the ban on family visits to the mainland in November 1987. While the people are looking forward with optimism to further development of the wholesome situation, a warning signal is lighted on Taiwan Island—a few top policymakers have successively issued statements saying that until the Chinese communists make a well-intentioned response to Taiwan's policy of relaxation, there will be no further opening of the policy. They demand that the Chinese communists give Taiwan some room for international survival; that as long as Taiwan's internal stability and development are ensured, Taiwan will uphold the principle of one China and resolutely oppose Taiwan's independence and separation; and that otherwise, dangerous consequences may arise.

Dear listeners: As the prerequisite for reunification, Taiwan has put a few conditions on the mainland in recent years, including abandoning the use of force and

renouncing the four cardinal principles. Now another condition has been added: granting Taiwan some room for international survival. There is a prevailing view that the first two conditions are purely for propaganda purposes and can be ignored, but the latest one should be dealt with seriously.

As Taiwan's island economy and society is heavily dependent on exportation, the room for international survival is indeed of vital importance and great significance to Taiwan's internal stability and development. The Chinese communists have suggested that after reunification, Taiwan, in addition to sharing the international prestige with the rest of the country, can continue its existing economic and cultural relations with foreign countries. This suggestion has taken into full account Taiwan's reality and vital interests, giving necessary consideration to Taiwan's room for international survival.

However, the Taiwan authorities' assiduous efforts to seek room for international survival has a different implication. Mr Gao Yingmao, a Chinese scholar in the United States who has often been called a brain trust of the Taiwan authorities, wrote an article in Taipei's ZHONGGUO SHIHBAO, explaining the Taiwan's authorities' demand for room for international survival. The article said: There are two political entities on the two sides of the Strait. In order to handle concrete legal matters arising from the growing contacts between the two sides, these two entities must recognize each other's independent administrative powers and legal scope. Such relations must be on equal footing. There should be no problems involving a dispute between the central and local governments, or one side taking advantage of the other. Therefore, Taiwan's right to existence and independent status in international activities must be respected.

Obviously, Mr Gao Yingmao's explanation on two equal political entities with independent international status means the existence of two Chinas. However, the article insists that as long as the two political entities subjectively uphold the principle of one China and continue to seek reunification between the two sides of the strait, there will not be two Chinas.

Here, people will inevitably raise the doubt that under the circumstances of the two political entities being linked subjectively by only the principle of one China without any form of guarantee for reunification, even though further relaxation is made regarding the establishment of postal, transport, and trade relations, or even if nongovernmental, indirect, one-way trade is turned into governmental, direct, two-way trade, the two China situation will remain solid and the road toward reunification will be all the more difficult. The Taiwan authorities have adopted a procrastinating stand on the question of reunification because they made an erroneous assessment of the situation and relative strength of the two sides. They have overestimated Taiwan's economic superiority while exaggerating temporary difficulties and problems encountered by the mainland in the course of

reform and opening to the outside world. At the same time, they have harbored excessive wishful thinking about some international forces.

The situation and relative strength of the two sides is a comprehensive issue. The economic strength should include such important factors as economic structure, potential, and developmental trends, in addition to the level of development. The relative strength has some extremely important aspects that can be easily neglected, such as the degree of political stability and the scope of diplomatic relations. Judging from the economic situation of the two sides of the Taiwan Strait, Taiwan's gross national product, per capita income, and foreign exchange reserves undoubtedly are superior to the mainland. However, Taiwan is not on a par with the mainland when it comes to resources, market, and a number of high technology projects. Furthermore, as far as political stability is concerned, both sides have their own difficulties and problems. The continuous development of relations between the two sides can help them resolve their respective problems. However, if the development of relations between the two sides comes to a standstill, or even if some dangerous consequences arise as the Taiwan authorities have asserted, the pressure on each side will be too heavy to imagine.

Capital operates by its own laws. Can the Taiwan authorities control the large number of businessmen and industrialists who want to put their capital to good use on the mainland? Even if they can stop Taiwan's capital from coming to the mainland, foreign and Overseas Chinese capital will still come to the mainland, and the mainland's modernization drive will be carried out on schedule. It is Taiwan that will be at a loss. The Taiwan authorities must face up to reality.

Although the mainland residents' fervent wish for visiting relatives on Taiwan is still affected and (has to be postponed), the mainland continues to enjoy political stability, while the Taiwan authorities will be condemned morally, not only at home on the island but also by the international community. Again, how can the Taiwan authorities assume the responsibility?

An important aspect of the mainland's opposition to any practice of two Chinas is to avoid the interference of foreign forces in the process of reunification. The Taiwan authorities will never realize their attempt to gain an independent international status and solicit foreign assistance to ensure Taiwan's rivalry with the motherland government.

Recently the Chinese Foreign Ministry spokesman issued a statement which gives a realistic response to the Taiwan authorities' effort to adopt a flexible diplomacy. Governments of all countries concerned have given serious thought to the statement. Although some Kuomintang officials are not happy, this is indeed a concrete manifestation of the relative strength of the two sides of

the strait in the international arena. The Taiwan authorities' effort to solicit foreign assistance in seeking room for international survival is subjectively aimed at bolstering support for themselves, but it actually will increase the obstacles. There are many examples of harmful consequences of relying on foreign assistance at all times and in all countries. Past experience, if not forgotten, is a guide for the future. Reunification of the country is a matter concerning the Chinese ourselves, which will be better discussed among ourselves. Everyone should do away with the previous grudges and look forward. It is anachronistic to advocate a relationship and awareness between the enemy and ourselves.

Taiwan's Direct Trade Ban Criticized

OW1003150889 Beijing in Mandarin to Taiwan
1500 GMT 1 Mar 89

[Station commentary: "Taiwan Authorities' Ambiguous Policy on Economic Relations and Trade Between the Two Sides of the Taiwan Strait"]

[Text] On 24 February, a provisional regulation governing the relations between the people on both sides of the Taiwan Strait, formulated by Taiwan's Ministry of Justice, was formally finalized and submitted to the Executive Yuan and Legislative Yuan for examination. The regulation deals with the question of direct trade between the two sides of the Taiwan Strait. In submitting the regulation, the Ministry of Justice simultaneously submitted an alternate plan for examination. This shows that Taiwan's policy concerning economic relations and trade between the two sides of the Taiwan Strait is still ambiguous. According to the first plan, the Executive Yuan will ban or restrict residents of Taiwan from engaging in direct trade, making investments, or engaging in other commercial activities in mainland China. Violators will be sentenced to prison terms of no more than 3 years or be fined no less than New Taiwan \$400,000. The alternate plan advocates the omission of the above clause, i.e., it imposes no restrictions on economic relations and trade between the two sides of the Taiwan Strait.

The coexistence of the original and alternate regulation reflects the dilemma facing Taiwan's authorities to make a difficult choice between the "Three No's" policy pursued by the authorities and direct trade with the mainland as demanded by the majority of Taiwan's manufacturers and businessmen.

It is reported that at a recent forum on special laws on trade between the two sides of the Taiwan Strait, over 30 representatives from Taiwan's industrial and business circles unanimously suggested to the authorities that they lift the ban on investment and direct trade with the mainland. They argued that since Taiwan is gradually losing its competitive edge on the international market and must therefore open up new markets and seek

investments elsewhere, and that if Taiwan's labor intensive industries invest and build factories on the mainland, it will surely help upgrade Taiwan's industries and benefit its economy.

The coexistence of the two plans has brought a gleam of hope to many Taiwan manufacturers and businessmen. They hope that authorities will vote down the first plan and impose no restrictions on direct trade, or relax restrictions on trade and investments in mainland China. However, Shao Yuming, spokesman of the Executive Yuan's Conference on Mainland Work, recently said with certainty that at the current stage, the government still does not permit direct trade or investment on the mainland, and that violators will be dealt with according to the law. This shows that at the present stage, Taiwan's authorities have no intention of changing their policy on economic and trade relations between the two sides of the Taiwan Strait.

The fact that the Ministry of Justice simultaneously submitted two plans to be examined by the Executive Yuan reflects the complexity of the issue and the ambiguity of the authorities' policy.

But the desire of Taiwan's industrial and business circles to trade with the mainland is growing with time. Currently, many of the tens of thousands of Taiwan residents visiting relatives or sightseeing in mainland China have already taken a fancy to the mainland market, and trade between the two sides has shot up. No longer hesitating, Taiwan's manufacturers are arriving in droves to invest and build factories on the mainland.

Under these circumstances, if the authorities still insist on formulating laws and regulations to suppress the people's normal economic activities, what good will come of it?

Taiwan's Investment Environment Worsens

OW0803003189 Beijing in Mandarin to Taiwan
1500 GMT 13 Feb 89

[Station commentator's article: "Labor and Environmental Protection Issues Cause Taiwan's Investment Environment to Worsen"]

[Text] Recently, Taiwan's worsening investment environment was at the center of discussion in every newspaper. On 30 January, Wang Yung-Ching, general manager of Taiwan's biggest private enterprise—the Taisu Enterprises Group, confirmed that the group had decided to stop all extension or new investment projects in Taiwan and freeze all hiring of personnel, meaning shrinkage, not expansion in future, and whenever a personnel shortage occurs, the group can always solve it by closing down the enterprise affected. In addition to Taisu, many of the island's largest electrical appliance companies, such as Tatung and Sheng-pao, and the Hsingkuang Textile Company are all freezing the hiring of personnel and cutting workers. Many large

enterprises are making plans to shift investment overseas. Due to the worsening investment environment, some foreign businessmen are forced to cancel many invest-in-Taiwan projects.

There are a variety of reasons for the deterioration in Taiwan's investment environment. Taiwan's uncertain political future has long been the major reason for people's lack of interest in investment. The problems emerging more recently concern the increasingly serious employee-employer conflicts and environmental protection issue. In recent years, labor disputes have frequently emerged. Renumeration is the focus of these disputes. Taiwan claims that it has joined the ranks of the world's developed nations. Nevertheless, the average monthly wage of its manufacturing workers last year was less than one-third of that of their U.S. counterparts, and was only two-thirds of their Singapore counterparts. There were labor strikes last year, as well as this, before the Spring Festival. The workers, calling for increased year-end money award and bonuses, overtime pay to be paid retrospectively, and changes in wage structure, were simply fighting for their own economic benefit. This year, before the Spring Festival, the workers' union of the Taida Chemical Company's Linyuan plant in Kaohsiung requested the company issue every one of its employees with a year-end bonus of NT\$1.2 million. The request touched off an employee-employer confrontation. The strain on relations between the workers and the company verged on a dangerous level. With economic development, the environmental protection issue has become increasingly serious. People can no

longer tolerate the damage done to their living environment and the time has come for them to stand up to fight against it. Two years ago, the Dupont incident in Lugang lifted the curtain on Taiwan's environmental protection movement. The strike occurring in the Linyuan Industrial Zone last year shook the whole island. If not for long-accumulated grievances, the unsophisticated villagers could not have united swiftly and stage such a fight. The Linyuan incident is only the tip of the iceberg. The contradiction may grow even sharper, as increasing industrial pollution causes the living environment to deteriorate and the people, their incomes rising, set higher demands on the conditions of their living environment.

Often taking a position aimed at safeguarding industrial development, Taiwan authorities have been ineffective in dealing with pollution. Thus, the contradiction may become even more serious. People's growing environmental awareness is an important reason for investors' wish to shift investments overseas.

Under the pressure of U.S. protectionism and the appreciation of the new Taiwan dollar, Taiwan's medium- and small-sized enterprises have been seeking opportunities overseas in recent years. Now, even a leading large enterprise like Taisu finds it difficult to gain a foothold in the island, due to the deteriorated investment environment and, therefore, is prepared to focus its development overseas. It is obvious that Taiwan's economic future has run against a red light. The so-called economic transformation to a higher level is not something to be optimistic about.

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